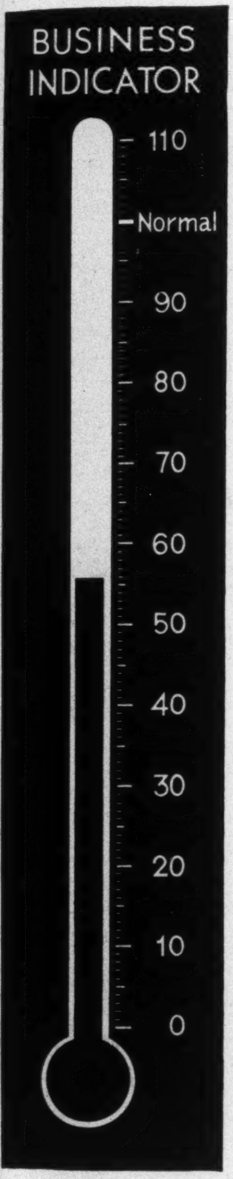
BUS ADM. LIBRARY

SEPT 21, 1932

THE BUSINESS WEEK:



The important measures of business activity show further slow but steady expansion in spite of the unsettlement in speculative security and commodity markets precipitated by disturbances of the political atmosphere from Maine to Oregon. . . . Improvement in the business indicators is mainly by way of better showing in comparison with a year ago, when the trend was downward, but in some cases increases in activity exceed seasonal expectations. . . . Steel awaits more vigorous revival of demand from automotive, railroad and construction sources, which may be stimulated soon by acceleration of R.F.C. activities under spur of increasing political anxieties; but the steady counter-seasonal rise in ingot production is encouraging. . . . Current improvement in electric power, coal output and carloadings, following an unseasonal increase in employment and payrolls in New York State in August for the first time in nearly a year, are fairly persuasive evidence that something is stirring at last in the Sargasso Sea where business has stagnated so long. . . . More significant still are the first faint signs that the steady strengthening of the banking situation is at last bringing the contraction of credit to an end and stimulating some expansion of loans and investments by the member banks. . . . If this is confirmed in the course of the next few weeks the successive events in the bond, commodity and stock markets which were started by the large-scale open-market operations of the Federal Reserve early in March and which have always been sure symptoms of the process of recovery will be completed.

20 CENTS McGRAW-HILL PU , INC.

HOW LONG *should a man's legs be?*

. . . and Abraham Lincoln replied: "Just long enough to reach the ground." . . . By the same common sense kind of reasoning, if he had been asked: "How big should a newspaper's circulation be?", he would no doubt have said: "Just big enough to reach the market."

Business is retrieving its losses through the elimination of waste. The process is well under way. Nothing is exempt from the hard, sharp pencil of the cost expert. And nothing is being more intently studied than advertising costs.

• • •

The new theory, or rather the old theory newly called back into service, assumes complete co-ordination of sales and advertising effort, looking toward the progressive consolidation of markets *one at a time*. And to accomplish this each market is treated as a separate and distinct unit and receives undivided attention, independent of other markets perhaps quite as important. This means that there shall be no overlapping . . . no dabbling with other tasks while Chicago, let us say, happens to be the market objective.

• • •

Under this new order the advertiser must differentiate between trading area circulation and far-flung, outside circulation which has no bearing on the task of winning a specific market. One result of this enforced concentration has been a new approval of trading area circulation and a nationwide avoidance of Scatterville.

• • •

"How big should a newspaper's circulation be?" And the amalgamated experience and judgment of the advertising world says: "Just big enough to reach the market." Pad your circulation if you please. Put tomorrow's date on the paper you sell today. Use every known circulation hypodermic — contests and what not — to make it bigger, put it on stilts if you will—and still your paper is only worth to the advertiser in proportion to what it will do *in one specific market.*

• • •

The Chicago Daily News concentrates its circulation 96% inside the Chicago trading area. It is big enough to reach, specifically, the Chicago market and no bigger. Meaning that when you buy space in The Chicago Daily News you pay for what you get and you really get what you pay for. It dominates because it makes its advertisers dominant in the Chicago market.

THE CHICAGO DAILY NEWS

CONCENTRATED QUALITY QUANTITY EVENING CIRCULATION

National Advertising Representatives: GEORGE A. McDEVITT CO.
250 Park Ave., NEW YORK

Copyright, 1932, The Chicago Daily News, Inc.

CHICAGO
Palmolive Building

It Sells the Merchandise

SAN FRANCISCO
Monadnock Bldg.

PHILADELPHIA
Record Bldg.

DETROIT
New Center Bldg.

Financial Advertising Offices:

NEW YORK
165 Broadway

CHICAGO
29 S. LaSalle Street

THE BUSINESS WEEK (with which is combined The Magazine of Business) September 21, 1932, No. 159. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N.Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $7.50 per year, in U.S.A. and possessions; $10.00 or £2.10s. per year in all foreign countries. 20c. per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N.Y., under the act of March 3, 1879. Printed in U.S.A. Copyright 1932 by McGraw-Hill Publishing Company, Inc.

To the Man who has Held his Job through the Depression

THE man who has held his job during the worst depression the world has ever seen is in an enviable position.

So many men have gone backwards during the last three years—lost their savings, lost their jobs, lost their nerve. When the depression is over, it may take these men years to catch up.

But the man who has kept his job, who has kept in direct touch with the changes that are taking place in business methods—that man will be fitted, the minute the period of recovery begins, to *make faster progress than he has ever made before in his life.*

How can you be sure to make the most of this opportunity when it comes?

Danger lies in the fact that you may become satisfied with yourself—that you may let down just at the moment when full steam ahead will produce rich profits. Many men will do this. They are spending so much energy in weathering the depression that they will have nothing left to offer when their big opportunity comes.

When business takes the turn for the better, when companies begin to expand and take on new men, will you be ready to take full advantage of your experience and position?

The Alexander Hamilton Institute has published an interesting 40-page booklet on this subject. This booklet points out the exceptional income opportunities for exceptional men which will occur in the next 5 years. It also announces an unusual Service, available to you *in your own office or home,* which enables you to prepare yourself to take advantage of these rich opportunities.

Proof that this Service Pays

Some of the heads of corporations who have used the Institute Service are listed below. The judgment of such men is an argument stronger than anything we could write.

SEWELL L. AVERY, President, Montgomery Ward & Co.

EDWIN A. FULLER, President, Fuller Construction Company.

FRANCIS A. COUNTWAY, President, Lever Brothers Company. (Mfrs. of Lux and Lifebuoy Soap.)

CHARLES E. HIRES, Chairman of the Board, Hires Root Beer Company.

R. M. BARTHOLD, President, California Packing Corporation. (Del Monte Brand.)

ROY HOWARD, Chairman of the Board, Scripps-Howard Newspapers.

GEORGE M. SHRIVER, Senior Vice-President, Baltimore and Ohio Railroad.

The ablest business minds have contributed greatly to this new Service. Read the names of a few of them: Alfred P. Sloan, Jr., *President,* General Motors Corporation; Bruce Barton, *Chairman of the Board,* Batten, Barton, Durstine & Osborn, Inc.; Dr. Julius Klein, *The Assistant Secretary,* U. S. Department of Commerce; David Sarnoff, *President,* Radio Corporation of America, and many others equally prominent.

Men who are satisfied with departmental jobs and small earnings will not be interested in this type of Service. It is offered to the kind of men who want to become officers of their companies or go into business for themselves.

The booklet, "What an Executive Should Know," is well worth half an hour of your time. Many men have said that in 30 minutes it gave them a clearer picture of their business future than they ever had before. Send for it today.

To the ALEXANDER HAMILTON INSTITUTE, 670 Astor Place, N. Y. C.
Send me "What an Executive Should Know," which I may keep without charge.

Name ....
Age ....
Business Address ....
....
Business Position ....

ALEXANDER HAMILTON INSTITUTE

This Business Week:

Washington

R.F.C. action on the loans for self-liquidating construction projects is accelerating. Progress is being made, also, in organizing the work of the Robertson committee for industrial rehabilitation, and in setting up support for farm prices. Most immediate is the promise of increased employment in the President's action to push federal construction projects authorized under the Relief Act. *(p. 9)*

Figures on construction contracts just released by the Bureau of Census, show a total of $7 billions in 1929, support the estimate that every $5,000 spent in construction provides direct work for one man for one year, besides employment in making materials. *(p. 10)*

Commodities

The steady rise in commodity prices since June has gone beyond the fluctuation stage, begins to look like a real reversal of the downward trend. Actually, the increases are small, compared to the top; but viewed from the bottom, they are imposing. *(p. 3)*

Textiles

Raw cotton's climb in price caught cloth stocks low, started a buying boom. Textile manufacturers, much cheered up, nevertheless are keeping their heads. They hope the mills won't overproduce, lose gains. *(p. 5)*

Insurance

General increases in workmen's compensation rates are meeting with stiff opposition. Several states are holding up action to investigate stock companies' claims that the new rates are necessary to stop losses, strengthen positions. *(p. 13)*

Coffee

Nobody knows what will happen to coffee prices because nobody knows what is happening in Brazil. Present buying indicates prices are expected to drop with cessation of hostilities and opening of the port because Brazil will need the money. *(p. 6)*

Marketing

American Radiator, biggest maker of home-heating equipment, and Petro-Nokol, pioneer oil burner manufacturer, have cooperated to produce an automatic oil-heater unit, packaged for sale by both companies. *(p. 6)*

Rising material costs finally forced higher tire prices; even the mail-order houses and Firestone will go along this time. *(p. 6)*

The big radio networks have relaxed the rules, now allow prices to be mentioned, perhaps in exchange for shorter sales talks. *(p. 10)*

Finance

Decision of the largest bank outside New York (and the country's fourth largest) to become a national bank has an interesting background, may possibly foreshadow a trend. *(p. 8)*

Shotgun deposits, impounded during bank "holidays" in hard-hit communities, look better to the R.F.C. than frightened money hiding under mattresses, and closed banks. *(p. 8)*

Building and loan associations have held up well in trying times. Losses in 1931 amounted to only 0.26% of total assets; liquidation lessened appreciably. *(p. 10)*

Small loans for luxuries have declined; borrowing now is for necessities and emergencies, or to refinance old debts. *(p. 11)*

Stirred by the opposition to bankruptcy reform, Judge Knox quotes some pertinent figures which support his judgment in turning over New York receiverships to the Irving Trust Co. *(p. 17)*

Farm

Mid-West state governors met in Sioux City, examined the farmers' strike situation at first hand. Their recommendations are significant in their reflection of farm sentiment. *(p. 12)*

Labor

Job-sharing continues to gain support; the American Petroleum Institute joins the movement toward shorter hours and more men. Labor wants shorter hours, but not shorter pay, says "spread-work" puts the burden of employment relief on the employees. *(p. 11)*

Foreign

Debtor nations of central and southeastern Europe are meeting with their European creditors. Reduced to transacting most of their foreign trade by barter, they see no way to pay their debts except "in kind," which means that trade barriers must be removed. On the results of this meeting hinges any chance of success of the world conference to follow. *(p. 18)*

Iraq, needing revenue, forced action on the great oil project. Activity is welcomed by Europe and America not for the oil, but for the employment it provides. *(p. 22)*

Britain sent her salesmen to Moscow as well as to Ottawa; as the Soviet's best customer, she would like more Russian business. *(p. 27)*

The business upturn abroad, according to the cables, has hit a lull, but confidence continues strong. Germany's political uncertainty dulls enthusiasm for reconstruction plans. France is working out economies. Britain is concerned about the textile strike; Danubian conference agreement is thought likely. Manchukuo threatens Far East peace. *(p. 23)*

Figures

Security markets sag just as basic business indicators show some evidence of support. Steel production owes its recovery from the low to miscellaneous orders. Coal and carloadings continue to climb. Commercial loans have expanded for the second successive week. Power suffered less than usual from the Labor Day holiday. August check payments and department store sales made a poor showing, but September's outlook is better since a break in declining payrolls and employment is becoming evident. *(p. 28)*

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending September 17, 1932

Commodity Price Upturn Looks Like Real Reversal of Trend

Increase is striking, but appears small viewed against steep drop from the peak

THE upturn in commodity prices which began inconspicuously early in June has now gone far enough to indicate that it is probably more than another temporary pause in the continuous decline since 1929, and rather marks a real reversal of the downward trend.

The rise in four of the commonly used weekly wholesale commodity price indexes from the low point to the most recent date averages 6.2%. The extent of the upturn is more striking when indexes based upon a few sensitive and quick-moving commodities are considered. One of these shows a rise of about 30% in the average of 10 sensitive commodities since early June.

This is much larger than any of the temporary increases which have occurred since the decline started, but viewed against the steep drop from the level prevailing before 1929, it seems rather small. A long way remains to go before most commodity prices will begin to look anything like the figures with which we were familiar before the depression. The decline from the predepression level was approximately 40%; to regain that level the average of commodity prices will have to rise about 66% from the low point reached early in June.

No one expects that they will retrace that much lost ground as rapidly as they lost it. The average rate of decline from the high point in 1929 has been about 13% per year, yet if commodity prices were to continue to rise at approximately the same rate they have risen since the upturn began, they might return to the 1929 level some time early in 1935. Whether they will do so is outside the range of possible forecast, but it seems unlikely that the recovery will cover more than part of the lost ground, unless we have started on an inflationary period of whose scope we are not yet completely aware.

Aside from inflationary influences arising from credit or currency policies, the important factors which are likely to determine the point at which the commodity price level will tend to stabilize again are two. First, the increased productive efficiency of industry and agriculture, which has a slow continuous tendency to lower commodity prices, other things remaining the same. Second, and of more immediate importance, is the question whether the usual deflation of prices following major periods of war-inflation has been completed. The entire war-inflation of commodity prices has in fact been wiped out and the commodity price level is now slightly below pre-war. This wiping-out of the World War inflation was about half accomplished in the 1921 depression; the rest of it since 1929. It took a little over 13 years to do it, which is about the same length of time as was required following the Civil War and the Napoleonic War inflations.

The major factors behind the upturn which tend to strengthen the view that it marks the beginning of recovery of commodity prices are several. First is the easing of domestic credit and banking strain which followed the passage of the Glass-Steagall Act and the large scale open-market purchases of government securities by the Federal Reserve banks, begun early in March.

The effect of these things is indirect and hard to trace but nevertheless definite. In general, the easing of banking strain meant that pressure for liquidation of stocks of commodities was light-

Wholesale Spot Prices of Principal Commodities

	Average 1927-1929	*1932 Low*	*Sept. 10, 1932*
Pig iron (ton)	$17.52	$13.50	$13.50
Steel bars (lb.)	1.88¢	1.50¢	1.60¢
Copper (lb.)	15½¢	5¼¢	6¼¢
Zinc (lb.)	6.20¢	2.32½¢	3.40-3.50¢
Lead (lb.)	6.6¢	2.65¢	3.60¢
Tin (lb.)	53.3¢	18.37½¢	25.30¢
Silver (oz.)	50.2¢	26.37½¢	28.25¢
Cement (bbl.)	$2.13	$1.61	$1.90
Turpentine (gal.)	57.9¢	38¢	46¢
Linseed oil (lb.)	10.9¢	5.3¢	6.1¢
Alcohol (gal.)	52.6¢	35.5¢	39.6¢
Coal (bit.) (ton)	$1.75	$1.20	$1.30
Petroleum (bbl.)	$3.22	$1.50	$1.77
Rubber (lb.)	27.1¢	2.62½¢	4¢
Hides (lb.)	17.1¢	3¾¢	8½¢
Cotton (lb.)	18.5¢	5.00¢	8.00¢
Print cloth (yd.)	7.6¢	2.87½¢	4.37½¢
Wool (lb.)	$1.08	$.35	$.47
Silk (lb.)	$5.18	$1.12½	$1.80-1.85
Burlap (yd.)	9.50¢	4.15¢	4.85¢
Wheat (bu.)	$1.292	$.40	$.46½-.54½
Beef (100 lb.)	$20.68	$9.00	$14.00-16.00
Pork loins (100 lb.)	$22.71	$7.50	$13.00-14.50
Lard (lb.)	12.4¢	4.10¢	5.50-5.60¢
Fowls (lb.)	29.9¢	14¢	15-19¢
Eggs (doz.)	33.8¢	13¢	20-20½¢
Butter (lb.)	46½¢	16¢	22½-23¼¢
Potatoes (bag)	$3.368	$.65	$1.15-1.50
Raw sugar (lb.)	4.2¢	2.57¢	3.15¢
Coffee (lb.)	21.3¢	8¾¢	14¾¢
Cocoa (lb.)	13¢	4¢	5¼¢

ened. Also, in the past, since establishment of the Reserve system, open-market purchases of government securities on a large scale have been followed in about 90 days by improvement in commodity or security prices or both.

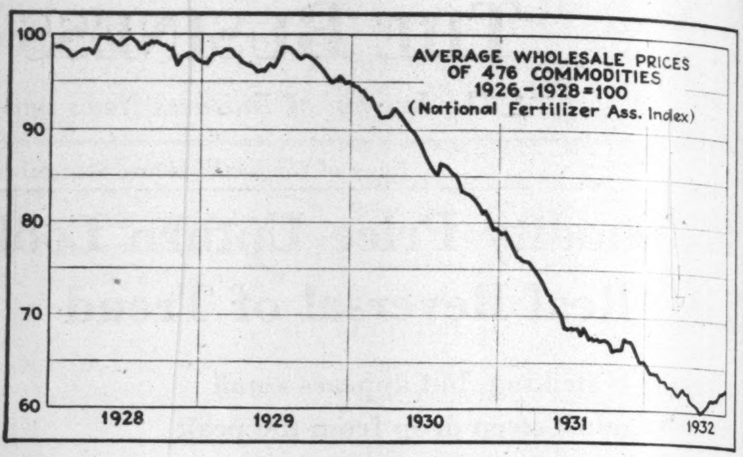
A second important factor was the reparations settlement at Lausanne which was definitely anticipated toward the end of June, the British war debt conversion operation, and the fairly general moratoria, standstill agreements, or defaults on international debt payments which have become cumulative during the year preceding this June.

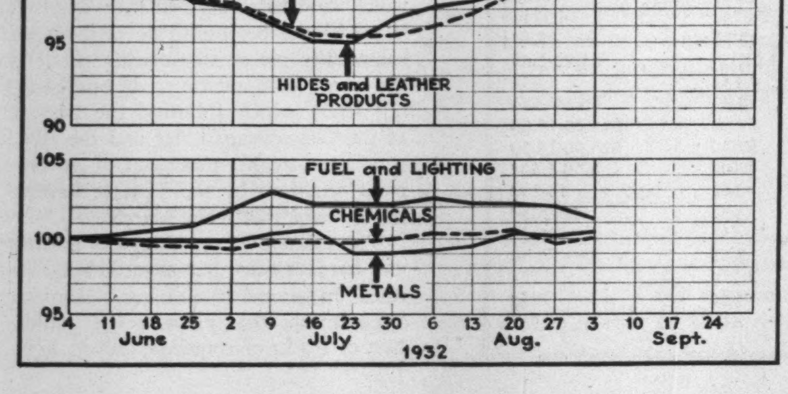
The effect of all these suspensions or reductions of debt payments was progressively to lift the pressure of deflation from world commodity markets. It became less necessary, or less possible, for all countries to try to settle international obligations or increase export balances by dumping their products on foreign markets at constantly lower prices. There were special supply and demand factors affecting individual commodities of great weight in the commodity price level, but these were not of major importance in the upturn.

The improvement was, as might have been expected, very uneven at the outset, and still is. The upturn began of course with some of the leading farm products, hogs and livestock, meat and lard, hides and leather, cotton, silk and wool; but it has since spread to a constantly wider range of commodities, including the metals, rubber, petroleum, some chemicals, paint, cement and other building materials. More recently there has been a tendency for certain manufactured products to stiffen in price, soap, low-priced shoes, rubber tires, cloths and clothing.

The largest advances, in percentage terms, have taken place in hides, cotton, sugar and rubber, with rises ranging from 70% to 90%. Coffee, affected mainly by the Brazilian revolution, has risen over 32% from the low point, live hogs 53%, silk 56%. The accompanying table shows both the differences in the extent to which representative spot commodity prices have risen from the low point this year and the considerable distance most of them have still to go before they begin to approach the pre-depression level, at which most of the debts of producers were contracted.

The rise in prices has been more marked in the United States than in any other country. In fact in most countries excepting Great Britain, signs of improvement in commodity price indexes have so far been slow in appearing and slight. In Great Britain, the upturn beginning in the third week of June has continued fairly steadily. In Germany, commodity prices have been at best practically stationary since that time, while in France and Italy they have tended to decline slightly.





New York Puts "L.C.L." On a Post Office Basis

TRANSPORT executives all over the country will watch the opening of New York's Union Inland Freight Station, which is to start operation Oct. 3.

It applies the post-office principle to l.c.l. shipments in and out. All railroads will haul freight to and take freight from the platforms. Trucks with small shipments to a half-dozen different roads will make a single drop here; will load at a single pickup.

It is said that the terminal could take care of a third of the 680,000 tons of l.c.l. goods moving through the port annually. Sponsors claim that the new depot will halve the trucking of this type of freight.

The terminal project will cost $16 millions. Its cubic content is the largest in the city (37 million feet, or 1 million more than the Empire State Building). The structure is 15 stories high, occupies a block. First floor and basement are given over to shipping platforms, upper floors to offices and lofts which can be reached directly by trucks lifted on elevators. Railroads have leased the terminal, will operate it through a joint committee.

Textile Boom Is Real Enough; So Are the Problems It Raises

COTTON textile manufacturers say the boomlet in their industry is real; in proof cite figures for August which set 2 new records.

Record No. 1: Sales reached the total of 510 million yards, the largest sales for any month.

Record No. 2: Stocks on hand with manufacturers declined to a new low, 209 million yards, a reduction of 25.5% for the month.

The figures are for carded cotton cloths, basic material for conversion by dyeing, bleaching, printing into innumerable kinds of cotton goods.

Sales had been stagnant. The raw cotton market began a sensational rise. Foreseeing advancing prices, aware, too, that stocks were low in first hands, converters and cutters-up started buying, and before the month was over, the buying was a mad scramble.

Sales were 282.4% of production; unfilled orders increased 113.1%. Production was only 181 million yards for the month.

Heartened as they are, textile manufacturers are watching soberly. They know that continuance of this activity depends upon whether the converters and garment manufacturers can sell their newly-acquired stocks to the retailers, and then upon whether the retailers can get the stuff off their shelves into the hands of the consumers. Second sober thought—can mills keep their heads? A remarkable job of fitting production to sales has brought these improved results. Will the excitement of a few orders start mills into heavy production again, until accumulating unsold stocks and their pressure on prices again sound the warning?

Third sobering thought: Is this profitless activity? Raw cotton rose 27% in the month; raw wools, 22%; silk 60%. Result, print cloths, by the *Textile World* index number, showed a margin between price of cloth and cost of clean cotton, of 11.1¢ for Augut, against 9.1¢ for July, 1932, but 15.3¢ for July, 1931. Carded yarns showed a similarly slim betterment, and combed goods an actual loss in the spread.

New England Cuts Taxes To Keep Mills Open

HOPING thus to stimulate local employment, New England cities are beginning to lighten the municipal tax burden on textile mills.

Most interesting instance, Lewiston, Me., has agreed to a sliding scale of taxes for the Bates, Androscoggin, and Hill mills, whereby taxes will be based on the volume of business the mills get. For example, taxes will be abated by $97,000 if the mills operate at 60% of capacity and will be cut by $24,000 if the mills run at 40%. There will be no abatement under 40%. The agreement covers the period from Aug. 15, 1932 to Feb. 28, 1933.

Lawrence, Mass., has cut assessments on mills of the American Woolen Co., the Pacific Mills, and the Arlington Mills by a total of $8 millions. Officials told the city that tax burden per loom in Lawrence ran from $114 to $229, while in other New England towns it ranged from $27 to $62. Naturally, said the operators, they have been manufacturing in the mills with lowest cost, and taxes are an important part of costs. If conditions could be ameliorated, Lawrence would get some of the business that is keeping other mills of the corporations busy, some of them at 85% of capacity.

Tax burdens in New England cities have been among the many reasons assigned for the movement of the industry to the South. The conditions grew progressively worse, for as some mills shut down, the city council usually would stick to the same scale of spending, spreading an increased load on the remaining mills. Some mill owners have been tearing down idle plants in order to be rid of taxes. This has included some large establishments.

The Business Week

READY TO GO—*The Addressograph-Multigraph merger was physical as well as fiscal. The company used the depression as "an opportunity to organize." Old plants were dropped, operations concentrated in a single modern plant in Cleveland. This is the administration building dedicated recently. Behind it stretches the million-dollar factory*

Chlorine Suffers Penalty Of Being a By-product

PAPER pulp mills, textile manufacturers, and other users of chlorine make their contracts for a year's requirements at about this season. Chlorine manufacturers, scrambling for a year's business, began cutting prices, and when they were through last week, chlorine stood at $1.55 per hundred pounds, as against $1.75, the level at which the price-cutting began. A few years ago, the price was 5¢ or 6¢ a pound.

Economics of the industry are interesting, tied in as chlorine is with caustic soda. Caustic soda is made in two ways. One is the lime-soda ash process, which yields caustic soda and limestone. The other is electrolysis of common salt, which breaks down into caustic soda and chlorine. The chlorine thus is a by-product. It simply has to be sold—it cannot be released into the air, or run off in sewers or streams.

The effort, therefore, is to find a market for the stuff at whatever price it may bring. If the paper industry, the textile bleacheries, and the sanitation market are more depressed than the soap industry, price-slashing may be expected.

This seems to be the case at the moment. The same set of facts leads to the conclusion that the price of caustic soda is likely to remain firm.

The paper industry uses about 65% of the 100,000 tons of chlorine produced annually.

Coffee Men Nervously Watch Course of Revolt in Brazil

WHAT is going to happen to coffee prices in the next few weeks is still a problem. Everything depends pretty much on what comes of the revolution in Brazil. If it continues, and if the Federals continue to keep Santos, port for São Paulo, bottled up, it is likely that there will be a shortage of the popular Santos coffees. If the revolt comes to an end, or if the rebels succeed in opening the port of Santos, there is likely to be a heavy flow of coffee to market, and prices probably will not hold to present improved levels.

Month-to-month coffee statistics are watched carefully. Stocks in the United States Sept. 1—when the Farm Board's holdings of well over 1 million bags are discounted—are limited. Only a few more than 295,000 bags of Brazil coffee are on hand, compared with well over 1 million last year at this time. Stocks of other coffees are only slightly down.

Rio Seizes Opportunity

Stocks afloat and bound for the United States the first of the month totaled more than 217,000 bags, compared with 346,000 a year ago. This shows that the port of Rio is taking advantage of the price rise and selling what it can on a rising market. It is not known how much coffee in these Rio shipments is from the province of Minas Geraes. If Minas coffee is coming out in any quantity through Rio, it can partly take the place of deficient supplies from São Paulo.

While free stocks are dwindling in this country, the Farm Board has made a bargain with the A. & P. and with Maxwell House for sale of its September quota of 62,500 bags at prices more than 1½¢ above the spot market. When small roasters throughout the country learned that the "big boys" took the entire allotment, and at a higher price than the market, orders rolled into the New York Coffee Exchange and spot prices advanced rapidly. Since the big sale, they have eased somewhat.

Opinions differ as to the volume of stocks in the hands of the brokers, roasters, and retailers. Some think this "invisible" supply must be very low, but reports are also abroad that coffee is being held in large quantities in various parts of the country, and some large users are said to have as much as a 3-month supply of cheap coffee on hand.

It is nearly 2 months since the revolution started in Brazil. Information is so effectively censored by the government that little is known in this country of what is happening. Informed opinion is inclined to look for a cessation of hostilities within a few weeks. Evidently the coffee trade expects the same thing or demand for existing stocks would be greater and prices rise more rapidly than they have. Certain it is that, once the rebellion is over, Brazil will need revenue badly enough to rush ample supplies to market to meet all demands. No use stocking up at present high prices if they are likely to be lower.

Link Up for Mass Attack On Oil Burner Market

A WORKING agreement between American Radiator Co. and Petroleum Heat & Power Co. (Petro-Nokol) has produced a home-heating unit which is another step in integration, another indication of the growth of oil burners (*BW—Aug3'32*) and the entry of the oil-burner industry into the mass-marketing stage.

General Electric's home furnace, announced recently, placed under one label and in one package all the elements necessary to make a completely automatic home furnace and water heater. The Arco-Petro combination goes still further, supplies the fuel oil through its own tank trucks and terminals.

The new heater is a complete automatic home-heating unit, boiler and burner combined. It supplies hot water winter and summer and can be changed in a few hours to burn gas instead of oil.

It is the result of cooperation between the world's largest manufacturer of domestic heating equipment and the largest and oldest manufacturer of domestic oil burners. Without merging financially or modifying corporate identities, Arco and Petro have pooled their resources and engineering experience.

In appearance, the Arco-Petro unit looks more like a refrigerator, with its pastel finish and bright metal trim. It is shipped complete, assembled and sealed, needing only to be set up and connected.

Petro and Nokol dealers and American Radiator heating contractors will handle distribution, sales and service. A newspaper advertising campaign was launched immediately following the announcement to build quick reception for the new product in time for the fall trade.

Rising Costs Plug Leak in Tire Prices

NATURAL forces did what tire companies and tire taxes could not do: rising material costs, as predicted, have lifted tire prices.

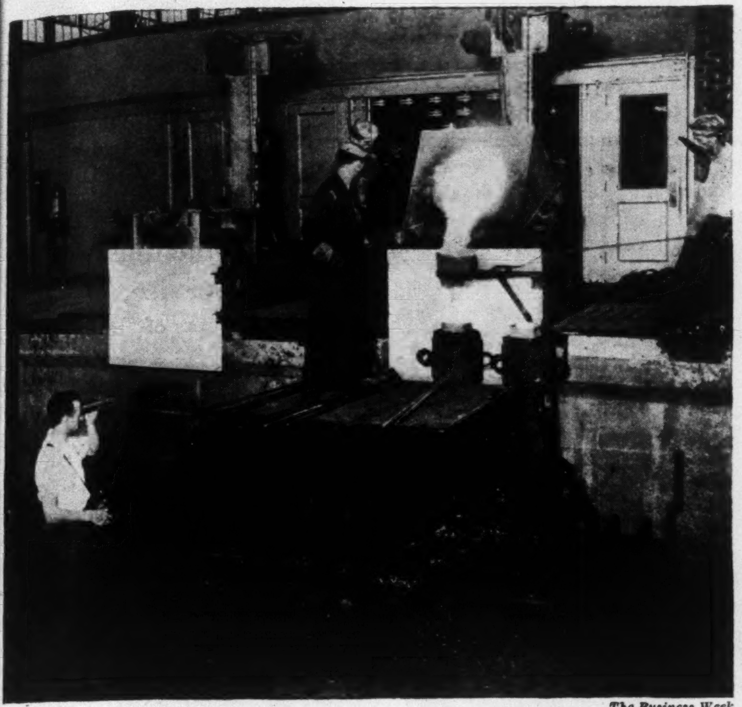
Last June, when the new federal tax went on, tiremakers attempted to raise prices to compensate for the increase, but the mail-order houses, with their eye on the big summer trade, and Firestone, with his eye on the mail-order houses, refused to jump prices.

In the last weeks before the tax, tire factories ran night and day, piled up an enormous stock in jobbers' and dealers' hands. With so much tax-free rubber outstanding, and with the Firestone-mail order rivalry working at the old prices, tire companies found it hard to maintain the increase. Tax-included price lists were nullified by refunds, special deals, trade-in offers.

Steadily rising commodity prices have convinced tire sellers, including the mail-order houses, that absorption of the government tax could not be continued. The latter issued new price lists; the others merely stopped nullifying the old one.

Service Stations Rub The Gas Tax In

OIL companies are keenly aware of the dangers concealed in easy-come gasoline tax money. The industry and its nearest relative, the automobile business, are



The Business Week

MOON METAL—*Pouring the new Carpenter selenium steel from the electric furnace. The men wear shields to keep off the intense heat; the man the lower left is using an optical pyrometer to check the heat*

promoting various schemes to make the general public tax-conscious at the polls as well as on the road.

Simplest of all and possibly most effective is the remark made by servicemen of one chain of stations as they count back the customer's change.

"Ten gallons," they say, "one seventy-five—a dollar thirty-five for gas and forty cents tax."

Forty cents is a lot of money these days.

Fear Foreign Naphtha's Effect on Gasoline Prices

DECISION of the Treasury Department to tax naphtha imports at the crude and fuel oil rate of ½¢ a gallon has stirred up a tempest in an oil can.

Oil men claim that naphtha can be used as motor fuel, should take the 2½¢ a gallon import tax as levied on gasoline, warn of the dangers of foreign competition under the present ruling.

Imports of naphtha in 1931 totaled only 128,000 bbl. But oil men argued, not without point, that Russia and Rumania are building refineries, will soon be looking for a market for their products. Furthermore, it needs but a small gallonage to break a price.

In Detroit, for example, Sunny Service started with a very few stations and a cut price. It sold Rumanian gas imported by water (*BW—Sep14'32*). Now it is perhaps the biggest retailer in the city, dominates the price structure wherever it has stations.

According to oil chemists, naphtha, as such, can be burned by the average automobile engine. Mixed with natural gasoline it makes a good enough grade of motor fuel to be sold without question in "gyp" stations. Delivered over here for around 4¢ a gallon, it offers splendid opportunities for price-cutting.

Increased imports this year are not justified by evidence of increased use as naphtha, give added weight to the industry's contentions.

Labor Will Ask States For Job Insurance

FEAR of constitutional difficulties has changed the mind of the American Federation of Labor about the desirability of a federal unemployment insurance law (*BW—Aug3'32*). President Green now intends to take his bill to the state legislatures, though Washington thinks he may call on the federal government to match state contributions supplementing compulsory collections from industry.

Need Better Sample To Test New Taxes

TREASURY experts who have been totaling up the meager tax receipts for the first 72 days of the new fiscal year have decided that little reliable information on the yield of the new taxes can be expected before the end of December. So far, they have too thin a sample. Revenues from the manufacturers' sales taxes should now be at their worst for the year. They have been dredged out of a July and August sales valley, are affected by the fact that there was considerable pre-tax buying. Finally, some collections have had to be postponed while administrative problems were being settled.

Detailed figures for August will not be in hand until later in the month. Broad comparisons of collections for the first 72 days of the fiscal year 1933 (starting last July 1) with those for the same period of last year show up thus:

Taxes	*1933*	*1932*
Income	$39,507,142.58	$60,653,175.17
Misc. Int. Rev.	130,120,376.79	107,800,833.46
Customs	50,898,904.33	83,068,360.94

The Treasury finds some encouragement in the fact that miscellaneous internal revenue for the first 10 days of September was 3 times as large as in the same days last year. But it is obvious that, if the shrinkage in income tax and customs receipts is to be made up by the new taxes, the rate of payment must increase greatly during the months ahead.

Pinch-Hitter Leaves Price Lineup Intact

AC SPARK PLUG CO., maker of AC oil filters, has devised a plan for reducing prices on replacement sales without destroying the old price structure.

Regular replacement cartridges will still sell for $3, will still be good for 10,000 miles. To meet competition and the demand for lower prices, AC introduces a new cartridge priced at $2, good for 8,000 miles.

With the regular line undisturbed by a price cut, dealer good-will is maintained. Yet those who want a lower-priced filter can get it.

Cotton Sees a Market In Idle Farm Machinery

LOOKING for new uses—and new sales—for cotton, the Cotton-Textile Institute's eagle eye has lighted on the rust-ing plow, traditionally left to the mercy of the elements when not in service. Cotton tarpaulins and canvas of all types are obtainable in mildewproof as well as waterproof finish. Their use to cover farm machinery would add 4 years to its life, the Institute estimates.

The lure of this market is indicated by the census figures it quotes, showing that American farmers have an investment of almost $3½ billions in machinery, implements and automobiles, spend approximately $400 millions a year in replacements. And if modern farmers garage their 4,134,625 passenger cars, their 900,304 trucks and their 920,378 tractors, the Institute still counts on the needs of $1,423,000,000 worth of machinery and implements throughout all the year except those 16 working days which its survey found to be their average annual active service period.

Huge State Bank Turns National; It May Mark Turning of Tide

CONTINENTAL ILLINOIS BANK AND TRUST CO., largest bank outside New York, and fourth largest, New York included, has decided to become a national bank. It is an almost unprecedented thing for a large state bank to join the national system; the tide has been the other way for years. It is not impossible it may be turning now.

In 1893, there were, by a curious coincidence, 3,807 national banks and 3,807 state banks and trust companies (savings banks excluded). In 1931, there were 13,728 state banks and 6,805 national banks. The trend was the same in volume of assets, but the disparity was not so great. When total resources of each stood at $22 billions in 1920, the resources of state banks were larger for the first time, by an odd $100 millions. In 1931, the spread was $2 billions—state banks $30 billions; national banks, a little under $28 billions.

Reason generally assigned for the decision reached by Continental was that, chafing under restrictions of the Illinois law, it wanted to be ready to open branches if and when Congress passes proposed legislation to permit national banks thus to expand. There was another reason, less obvious; Congress broadened the circulation privilege recently, making all government bonds under 3⅜% interest rate eligible for use as a currency base. Under this provision, it is calculated the Continental can issue $75 millions in national bank notes. The operation yields an attractive profit.

New York state banks already have city-wide branch banking privileges. Some of them, however, look longingly at even broader horizons, and see, also, the profits to be made in issuing bank notes. It is not entirely impossible that some of them may join the national system.

National banks now can act as trustees, which eliminates one competitive handicap against state banks. They cannot, indeed, make advances on real estate in the same way state banks do. But, as one national banker remarked the other day, "Who wants to?"

The struggle over branch banking is nothing new. It is essentially a battle between the big metropolitan institutions and the little neighborhood and country banks. In this contest, Comptroller Pole has frankly sided with the big banks. He has repeatedly recommended legislation granting wide branch banking privileges. Now that he has retired, small bankers are said to be importuning the President to name a successor who will favor unit banking, or at least be neutral.

R.F.C. Won't Interrupt Those Bank Holidays

THE bank "holiday moratoriums" may well continue, in the judgment of the R.F.C.

Banks in various sections of the country, notably Iowa, threatened with runs, appealed to local authorities to declare holidays, sometimes for 5 days, sometimes for a week. During the holidays, the banks persuaded depositors to sign agreements not to withdraw their funds for a certain period, usually a year. The alternative, depositors were frankly told, would be a bank closing.

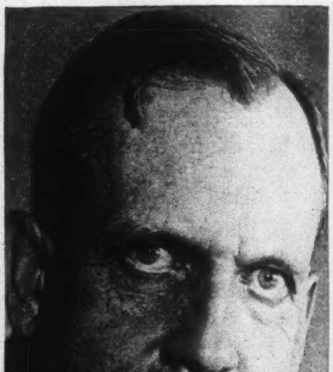
Representative Bowman of West Virginia issued a public appeal to President Hoover to have the R.F.C. intervene in the situation. He estimated the amount of deposits tied up in such agreements as $5 billions, and pointed out that thawing of this amount of buying power would help business upturn.

The R.F.C. is understood to be something less than enthusiastic. Bluntly, the R.F.C. believes the money, if released, would go into hoarding and that the funds are better in the bank than in tomato cans under the corn crib. By the time the "holiday moratoriums" expire, the R.F.C. believes the depositors' scare will be over and business can go on in normal fashion.

Business Machine Maker Will Sell Service, Too

MANUFACTURERS of tabulating machines always have been of two minds about tabulating service concerns—organizations which undertake to do tabulating and other statistical work on a fee basis. On the one hand, the manufacturers have felt that the "custom tabulators," so to call them, might prevent some leases of machines. On the other, it has been argued that these firms educated numerous potential customers to the value of these devices.

One of the two leaders in the industry evidently leans now to the latter view, for International Business Machines has just announced it will itself conduct a service bureau, which will perform statistical and tabulating service for hire.



Wide World

FARM CREDIT HEAD—*Ford Hovey, president of the Omaha Stockyards, who will handle agricultural credit for the R.F.C., and livestock marketers*

Recovery Measures Speeded Up To Support Prices and Jobs

R.F.C. concentrates on self-liquidating projects, and farm credits; Administration pushes construction

THE tempo at which Administration recovery measures are being applied has quickened during the past week. The R.F.C. is speeding approval of loans for self-liquidating construction projects which promise immediate employment, and is setting up supports for farm prices as quickly as possible, while the Administration has taken steps to push public works projects under the jurisdiction of the Treasury department.

Besides the self-liquidating projects on which the R.F.C. directors have already reached a decision, it is understood that a number of other important applications have been approved by the engineering board set up to examine them. A few entered earlier have since been withdrawn because it has been found possible to secure private financing for them. On the other hand, a large number of projects which have been under consideration at various times during the past 10 years, but which were turned down by bond houses, are coming in to the corporation.

Dotsero Cut-Off Loan

The first large railroad construction loan since those to the Pennsylvania and New York Central was granted to the Denver & Rio Grande to start work on the Dotsero cut-off, a project which will cost about $3½ millions and save the railroad line about 175 miles. The railroads are coming forward slowly for make-work loans on maintenance of equipment. The Jersey Central has announced that it will ask a loan for repairs on locomotives, cars, and marine equipment to employ 460 men beginning Oct. 1. The New York Central is understood to be considering applying for a loan of $2½ millions to be used largely in painting idle equipment, but action is not expected until late in October. Although the B.&O. has announced that it will ask for a $3-million loan, no definite developments have occurred. The Pennsylvania and the Reading are so far the only roads that have actually applied for R.F.C. funds for these purposes. Meanwhile, organization of the new Equipment Financing Corporation to assist railroad purchases of new rolling stock and motive power was completed with the election as president of Harry A. Wheeler, head of the Railway Business Association; with William H. Woodin, president of the American Car & Foundry Co., as chairman of the board, and George H. Houston of Baldwin as chairman of the executive committee. Leading railway equipment manufacturing concerns, with General Electric, Westinghouse, and Bethlehem Steel, will constitute the stockholders, but services will be available to all equipment companies. The financing plan offered by the corporation for railroads buying equipment will be 10% cash, 10% in junior equipment trust certificates, and 80% in senior trust certificates. These certificates will serve as collateral for a loan from the R.F.C. covering 80% of the purchase price of the equipment.

Capital Goods Committee

Progress is being made in organizing the work of the committee on industrial rehabilitation headed by A. W. Robertson of Westinghouse. This committee is one of several working under the general national organization of banking and industrial committees set up by the Administration, headed by Henry M. Robinson, to promote credit expansion and increase employment. Subcommittees of the committee on industrial rehabilitation are being organized in the principal industrial Federal Reserve districts, especially in Chicago, New York, Philadelphia. As soon as these are established, an active canvass of industrial needs for modernization of plant facilities will be undertaken and a system for financing purchases worked out.

Federal Construction Pushed

The most immediate step toward increased employment among Administration activities last week was the President's action to speed federal emergency construction projects authorized under the Relief Act. This act provided $200 millions for public buildings, work on rivers and harbors and flood control, together with $120 millions advance to the states to finance federal expenditures of federal aid highway construction. Use of the $200 millions for federal construction was made dependent upon authorization by the Secretary of the Treasury, who had to determine whether funds were available or could be obtained on reasonable terms. This was a compromise arrangement made by Congress as a concession to the President's vigorous opposition to any appropriation for public construction.

When Mr. Mills was asked by the President whether money could be obtained on reasonable terms he had to say yes, because the last issue of a billion of Treasury notes and certificates had been oversubscribed 6½ times. The Administration has, therefore, become enthusiastic about public construction and will try to spend the $200 millions allotted for post offices and other public buildings, rivers and harbors, forest roads, military posts, navy yards, etc., as quickly as possible so as to create additional employment before winter.

Road Money Distributed

The $120 millions appropriated outright by Congress for federal aid highway construction is rapidly being distributed. Since July 21, when the money was made available, $25 millions have definitely been committed. The normal contribution of the federal government brings the total of emergency road work now in the advertisement or contract stage up to about $40 millions.

Aside from its preoccupation with self-liquidating construction projects, the R.F.C. at the moment is busiest on the job of setting up agricultural credit corporations. Ten of these have already been planned and arranged for in Western districts, and await only the choice of boards of directors and officers to start functioning. These corporations will give special attention to financing livestock growers. This is the season when range cattle are brought to the big primary markets at Kansas City, Chicago, and Omaha, and a large amount of money is needed to finance the buyers who fatten these cattle for the final market. Ford Hovey, who heads up the agricultural credit corporation activities of the R.F.C., is president of the Omaha Stockyards and experienced banker in this field.

Future Problems Loom

Although organization of the credit corporations is being rushed to meet the seasonal credit needs of livestock interests, these corporations promise to raise a lot of problems later. First is that of competition with established agricultural credit agencies now in the field, some of them, especially in the livestock field, carefully nurtured by the Farm Board. The Farm Board cooperative agencies show signs of becoming anxious about the incursion of another governmental agency into the cooperative field, but there isn't much they can do about it because the R.F.C. has all the money these days and the Farm Board hasn't any.

Since the $50-million loan by the R.F.C. to the Farm Board to enable the latter to hold its cotton and wheat off the market, the board is in the humble position of debtor on a large scale to the R.F.C., which has thereby become the dominant factor in the field of federal agricultural finance. This is further emphasized by the fact that the agricultural credit corporations being set up will take over administration of the seed loans heretofore in charge of the Department of Agriculture.

Building and Loan Put Up A Stout Resistance

WHEN the building and loan associations in this country assembled 1931 statistics for their annual report, results were favorable, everything considered. Combined assets of the 11,442 associations showed a decrease of only $411,236,320; membership dropped only 1,012,227, leaving a total of nearly 11½ millions who still invest their savings in these associations. More than 85% of total assets of $8½ billions is invested in mortgage loans.

The aggregate amount of mortgage loans made in 1931 is estimated at $900 millions, compared with $1,300 millions for 1930. The decrease is a little over 30%.

Only 18 states increased their assets last year. The District of Columbia showed the largest gain—nearly $6½ millions. Rhode Island, Kentucky, and New York were other large gainers. Minnesota registered the largest increase of membership. The District of Columbia and Michigan garnered a lot of new clients. Pennsylvania and Ohio were called upon to pay out the largest volume of deposits and lost the largest number of members.

Reviewing the year, H. S. Cellarius, secretary-treasurer of the United States Building and Loan League, said: "Although we have passed through a year of extreme depreciation in capital values, when the safety and earning power of every investment was tested to the limit and building and loan associations were confronted with difficulties of a scope and magnitude never experienced before, the losses during 1931 have amounted to only 0.26% of total assets. Liquidations during 1931 dropped to 126, compared with 190 the previous year, and liabilities involved in 1931 liquidations were down to $61,908,529, compared with $80,437,508 in 1930."

Radio Chains Relax Rules on Price Talk

HEREAFTER radio listeners may expect less pussyfooting on price in advertising broadcasts, more frank mention of the ballyhooed article's cost. The big networks have allowed price mention in daylight, but after dark broadcasters were usually hobbled by restrictions, had to get over the prices of products by indirection if at all. Recent announcements of National Broadcasting Co. and Columbia Broadcasting reveal new policies.

The Columbia ruling (which may not be permanent) allows price announcement but cuts the time permissible for sales argument. N.B.C. releases a statement which declares good taste to be the regulator for price mention. By inference the advertiser is allowed to state his price at any time of the day as long as good usage is not violated. Observers see in the announcements indication that the 2 big networks had reached a pretty good understanding before anything was said.

The tentative new schedule of Columbia allows: (1) Not more than 2 price mentions on a 15-minute program provided the total length of sales talk doesn't exceed 1½ minutes. (2) Not more than 3 price mentions on a 30-minute program providing total sales talk doesn't exceed 3 minutes. (3) Not more than 5 price mentions on a 60-minute program providing total sales talk doesn't exceed 6 minutes.

Advertisers are asked to see that listeners are not irritated by direct selling at the tail of one program running into similar talk at the start of another program. Price mentions must not be competitive or comparative. Astute Mr. William S. Paley, Columbia president, aims his pebble at two birds. Putting a limit on the length of sales talk is an answer to growing criticism that programs are heavily overloaded with such like; allowing price mention is a bait to merchandisers who believe this to be the great selling force.

N.B.C.'s announcement is less definite but just as significant. The company believes that the mention of prices if handled in accord with good radio practice "is at least as interesting as claims of quality or performance." "Price mentions are informative."

Coal and Chickens Pay Farm Telephone Bills

THE Associated Telephone Utilities Co. has gone in for barter in a big way. It is accepting telephone payments around Warrensburg, Mo., in coal. In that community the farmers can dig surface coal. This is used by the company in its plants not only in Missouri, but in Kansas, Nebraska and even Wyoming. Hauling it to Wyoming removes considerable profit, but at least it keeps the telephone consumers down in Missouri in the habit of paying their bills, which is something. In addition the employees of the company, all over, are accepting chickens, eggs, and farm produce generally in payment of bills.

Construction Census Puts 1929 Total at $7 Billions

CONSTRUCTION contracts let in the United States in 1929 amounted to $7 billions. If certain duplications accounted for by sub-contracting and the like are eliminated, the value of work done was $5.8 billions. The industry employed 1 million men in August, the peak, and 579,000 men in January, the low point. It paid out $1.7 billions in direct wages.

The average value of construction work done per man per year is put at $5,785. The estimate, frequently cited, that $5,000 spent in construction work will provide work for a man for a year therefore seems conservative. It is approximate if direct labor on the job only is meant, but it is obvious that the $5,000 would provide also considerable employment in materials manufacturing.

Direct wages on the job are estimated at 30.6% of total expenditure; cost of materials, 42.9%; salaries, other expenses, profits, 26.5%.

All this is history now, to be read as reminiscence, with a tinge of melancholy, but it is important as the first official census of the construction industry ever taken. The figures have just been released by the Bureau of the Census. They agree rather closely with *Engineering News-Record's* computations, which put the total for 1929 at $10.4 billions gross, including work done without contract by governments, public utilities, and corporations. The census excluded all non-contract work.

There were, in 1929, 30,597 contractors who did more than $25,000 gross business, to a total of $6 billions. There were 113,799 contractors who divided $1 billion gross business.

Wide World

Open for Business—*Transportation Commissioner Delaney is first through the turnstiles as New York's new city-owned subway is opened, providing jobs for thousands, transportation for millions. The 42nd St. station is the longest in the world, superseding Piccadilly*

Job-Sharing Urged to Temper Winter Unemployment Crisis

"Job security by job-sharing," sponsored by the President's conference of business leaders, continues to gain impressive support even if the concrete results of the movement to date are less impressive than Mr. Green of the American Federation of Labor could wish. Walter C. Teagle, president of the Standard Oil Co. of New Jersey (on leave), the business leader in charge of this phase of the Administration's recovery program, has most recently lined up the active cooperation of the Chamber of Commerce of the United States, and the American Petroleum Institute. The A. F. of L., the American Legion, the Advertising Club of New York and many another organization have endorsed the principle of the shorter work week as a means of spreading work. New England is leading the study of the New Hampshire Plan for a flexible work-week, designed to meet the emergency but urged as a permanent industrial policy (*BW—Aug3'32*).

With its approval of the general program of Mr. Teagle's drive, the American Petroleum Institute coupled a specific recommendation that the entire oil industry reduce its working schedules to an emergency maximum of 40 hours a week and provide one day's rest in 7 as a permanent measure. Estimates are out that the 40-hour week, if generally adopted, will increase the number of employees in the industry 31%. This is, of course, still a long way from the 6-hour day, 5-day week for which labor holds out.

The national chamber has appointed a committee to study the immediate and long-range effects of cutting work hours. This group will confer with Mr. Teagle, report at a meeting of the chamber's board of directors in Washington, Sept. 23 and 24. Announcing the program, Committee Chairman P. W. Litchfield, president of the Goodyear Tire & Rubber Co., stated that by the summer of 1932, about 5,000 companies in 21 main branches of industry had placed in operation definite plans for spreading or increasing employment.

Under the circumstances, most of these plans have called for cuts in jobholders' income to provide pay for employees taken on. Organized labor, preaching the economics of "earned leisure" and fewer hours for the same pay-envelope dollars, has had to make terms with the depression but there have been complaints that it's all a scheme for shifting the relief load to the shoulders of the workers. Sympathetic answers to that complaint which admit the tendency, though not the intention, assert that the alarming decline in private contributions to relief funds leaves no choice unless and until the nation is willing to have relief financed by taxes or adequate unemployment insurance. The A. F. of L. estimates that a continuation of the present trend will leave 13 million without jobs next winter, "an unemployment disaster . . . which we can meet only by taking immediate action to shorten work hours, create jobs, and get men back to work."

Meanwhile, efforts to put the spread-work program on a national basis have again called attention to the long start which California cities have made in this direction. In announcing his plans, Mr. Teagle said that the drive would be patterned after that being carried on there through the Twelfth District banking and industrial committee headed by K. R. Kingsbury, president of the Standard Oil Co. of California. Those who have been following employment stabilization progress closely will recall that, a year ago, the California State Chamber of Commerce drew up an elaborate stabilization program concluding with 8 specific recommendations, 3 of which dealt with various methods of spreading work. This general program has been aggressively followed up and has met with considerable success.

Trend in Small Loans Is Toward Sober Realities

The continued strain of the times is bringing applicants for small loans back to the sober realities. Revised borrowing habits of the wage-earner is indicated by a report of the Household Finance Corp. which analyzes the trends in its 91 branch cities. Loans for luxuries have declined, those for necessities or sudden emergencies have gone up.

Borrowing to finance small businesses jumped in the past half-year from 3.1% of the total, to 9.3%. Loans for educational purposes doubled. Twice as many people borrowed to help relatives. Borrowings to pay taxes rose from 10.4% to 12.2%. For funeral expenses and hospital bills the ratio was 13.5%—about the same as before. Loans for travel, vacations, other luxuries fell from 2.6% to 1.7%. (Perhaps intelligent credit rationing by the company assisted in this decrease.) The total loaned, the average amount, the number of borrowers were less than during the same period of 1931.

There is a decided trend among applicants to pay old indebtedness and reestablish credit with retailers. Some 35% of all customers obtained loans to consolidate and amortize accumulated bills. An increasing number of young people are borrowing to get married. They are good risks, too.

What the Farmer Really Wants Is a Mortgage Holiday

Proposals to deflate interest rates, to inflate dollar reflect insistent demand for debt relief

THE conference of governors of 9 Mid-Western states, or their representatives, assembled Sept. 8 to deal with the problem created by the farmers' strike movement, didn't succeed in settling that problem but raised several more difficult. The conference was called by Governor Green of South Dakota and held in Sioux City, center of most acute disturbance in the "farmers' holiday" movement. Obviously it was an effort to soothe the farmers and avert more serious disturbance. Prior statements of several of the governors, however, suggested that some sort of concerted action among these states, vaguely similar to the production control compact among the oil states, might be considered with a view to setting up a kind of interstate marketing control system. Picketing and other active strike manifestations were suspended and a gigantic parade of discontented farmers preceded the conference; but the results did not satisfy them and the strike has been resumed, with indications of increasing violence. Plans for extending the holiday movement in 13 states are being developed.

For Washington's Ear

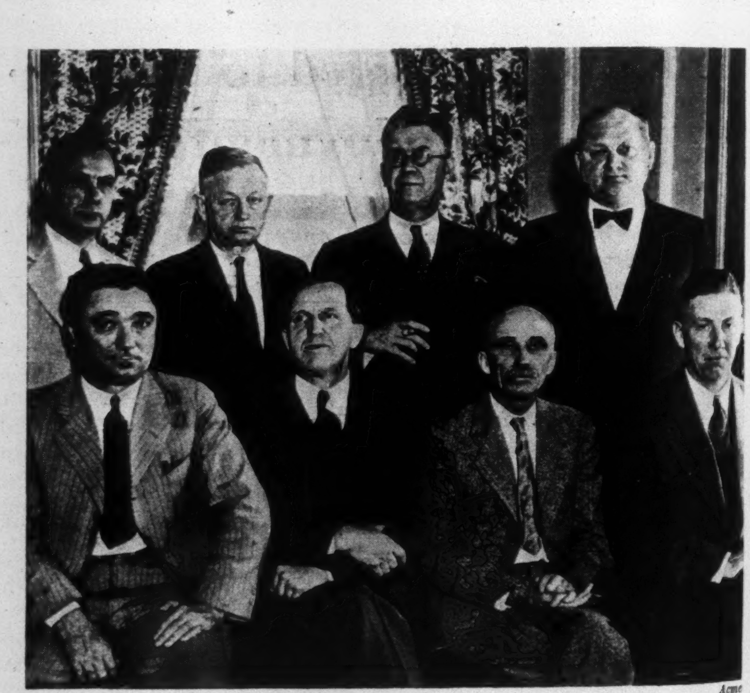
The governors warned against the movement but addressed several recommendations to the President and Congress. Some of them are significant of the drift of agricultural opinion. They included: revision of tariff to give equal protection to farm products, meaning not merely lower tariffs on manufactures but higher ones on some things like foreign fats and oils; extension of R.F.C. facilities to the farmer (which is being done as fast and on as large a scale as the R.F.C. can do it); surplus control legislation to elevate the domestic price of farm products.

These are the innocuous and not specially novel points. In addition, the conference asked that the national agricultural credit system be reorganized so as to finance the American farmer at a lower rate of interest. This really means in particular lower interest rates on farm mortgages, since the farmer is now being flooded with every sort of facility for short-term credit by the Farm Board, the Intermediate Credit system, the Department of Agriculture, and the R.F.C. through the agricultural credit corporations it is setting up right and left. Long-term mortgage debt is the problem. Senator Frazier of North Dakota has a bill pending in Congress and sure to be pushed next session providing for federal refunding of farm mortgages at lower interest rates. Insurance companies operating in Western states see something of this sort coming and are considering concerted action to forestall it in some way not yet worked out.

Hint at Moratorium

The conferees were not willing to go so far as to be specific on any plan of federal government action. They contented themselves with calling attention to the problem, recommended that private lenders act individually or in cooperation to lighten the debtors' interest burdens or delay foreclosure; but if all else failed they endorsed state legislation to deal with it. This is the first direct suggestion from official sources of the possibility of a state moratorium on farm mortgage debts.

The final suggestion of the conferees was equally suggestive of the swing of



Acme

FOR FARM RELIEF—*Governors of Mid-West states meet to consider the farmer, ways and means of rescuing him from low prices and "holidays." Left to right, seated, Governors Shafer of North Dakota, Turner of Iowa, Green of South Dakota, Olson of Minnesota. Standing, Messrs. Reis, Allen, Mitchell, Hanefeld, representing Wisconsin, Nebraska, Oklahoma, Ohio* rural opinion. It said that "sound expansion of currency would do justice as between debtors and creditors and enhance commodity prices," but did not venture to recommend any way of doing it. The directors of the American Farm Bureau Federation, meeting in Chicago at the same time, did suggest a way and telegraphed it to the governors' conference at Sioux City with an appeal to them to urge the President to call a special session of Congress to consider farm prices. The federation directors demanded that laws delaying foreclosures be put into effect at once and said: "The situation has become so acute as to make necessary the reduction of the gold value of the dollar to enable debtors to meet their obligations in a measure of dollars approximating the value of the dollar at the time the debts were incurred."

Early in the depression the federation became interested in the monetary problems involved in the decline of farm prices and increase of farm debt burdens and for a while gave serious consideration to various devices for direct currency inflation. The latest action of the directors indicates that they have run the whole gamut and ended up with a demand for devaluation as the solution of the problem. This means that more will be heard about currency problems in the next session unless some miraculous rise in farm prices or some general device for lightening farm debt burdens is arranged in the meantime.

Many States Oppose Rise In Compensation Rates

Insurance companies, citing losses and increased work hazards, have tough fight on their hands

In spite of the conviction of the National Convention of Insurance Commissioners last June (*BW—Jul6'32*) that an emergency in workmen's compensation insurance warranted "an immediate and general increase in compensation rates," insurance companies are meeting stubborn resistance in their attempts to get the increase.

While rate boosts have already gone into effect in states where the supervising authorities have no rate-regulating power—as in Connecticut, Idaho, Illinois, Indiana, Louisiana, Montana, Nebraska, and Rhode Island, and in the District of Columbia, other states have raised objections. Iowa has threatened to revoke licenses; Illinois "requests" that increases be held in abeyance until an investigation can be made; Michigan and South Dakota have invoked anti-discrimination laws to prevent proposed rate advances; Wisconsin has finally assented to an advance of 0.8%. New York's insurance commissioner held a public hearing this week on the 9.2% boost advocated by the State Compensation Insurance Rating Board—on top of 2 increases totaling 25% in the last 2 years. New York's decision will affect many others.

Stock companies have waged a countrywide campaign to convince both employers and insurance departments that rate increases of as much as 20% are necessary both to protect the underwriting companies and the employees who depend on their solvency. For the past 8 years, the 68 stock companies reporting to the New York State Insurance Department have reported losses of nearly $117 millions, $23 millions in 1931 alone.

Why Losses Increase

These losses are attributed largely to the shrinkage in industrial payrolls due to part-time work and reduced hourly rates which cut premiums without making corresponding reductions in risks covered. Other reasons are cited. Injured employees are charged with malingering because compensation often pays them better than current part-time earnings. Industry's increasing mechanization, its increased use of automobiles and its trend to piece-work with greater pressure for output have all added to the hazards of employment. Moreover, compensation boards have become more lenient in fixing awards and allowances for medical care, as well as in their interpretation of what constitutes an industrial disease. Companies have also been harassed by the slowness of collections, bankruptcies, rate-cutting and high agency fees.

The question of whether the proposed increases shall be applied to existing business as well as to new business has caused them considerable heart-burning. With premiums of 68 companies totaling slightly more than $121 millions in 1931, a 10% increase on existing business would add only about $12 millions to cover annual losses that have run to $23 millions. In a meeting prior to the June convention of insurance commissioners, the one thing upon which both stock and non-stock companies could agree was that increases should apply to both old and new business. However, the refusal of some states to accept this proposal forced a later decision to confine them to new business.

Mutuals Apathetic

The fight has been waged chiefly by the stock companies. Non-stock companies, where not actually opposed to increases, have usually argued that the proposed 20% advance was excessive, have argued that the experience of such exceptional years as 1930 and 1931 cannot be fairly used to compute costs for future years.

The mutuals' widely publicized contention that the stock companies carry higher acquisition costs, principally in agency fees, has probably influenced the latter's request in New York and other states for a 12½% reduction on risks where the premium exceeds $1,000. They intend to load two-thirds of such a reduction on the agents, carry one-third themselves on the ground that large risks cost less to administer, that the 94% of total risks involving premiums of $500 or less have not hitherto carried a proportionate share of the expense. The stock companies have also been noting that the larger and more desirable risks have tended to drift to the mutuals, to state funds, or to self-insurance in search of lower insurance costs.

Many agents are supporting their proposal. Others argue that the reduction will be a wedge for future cuts on all lines of insurance and thus ultimately will be detrimental to the insurance companies.

Messenger Boy Adds Another Sideline

Telegraph companies are still thinking up non-telegraphic activities to keep their messenger boys busy and lure into their tills the reluctant dollar. Recently Western Union announced a hookup with Nedick's, New York, for the delivery of orange juice, frankfurters, etc. Messenger charge, 10¢. Latest release is the Illustrated Voice Service of the Western Union and the Fairchild–

The Business Week

INDIVIDUAL AIR CONTROL—*The New Haven has installed Airgards in the diners which bring in fresh, filtered air, may be adjusted by the passenger*

Wood Visaphone Corp. Simple equipment which a messenger can deliver and operate will make illustrated talks to groups of listeners. The voice comes from a graphophone disc which is synchronized with still pictures.

By its use sales managers may deliver pep talks and charts to distant subordinates, political crowds hear a favorite spellbinder, a study group receive illustrated instruction, groping bridge players absorb the wisdom of an expert, etc. A library of general and special subjects will be maintained in New York, Philadelphia, Boston, Pittsburgh, Rochester, Washington, Wilmington, Detroit, Cleveland, Chicago, Indianapolis, Cincinnati, Milwaukee, Atlanta, Minneapolis, St. Paul, St. Louis, Kansas City, Dallas, Denver, Los Angeles, San Francisco, and Portland, Ore.

Machines are not sold. A service charge is made for the apparatus and the messenger boy operator.

Diamonds Have Again Proved To Be Gilt-Edged Investment

DIAMONDS are going up, too. Encouraged by a better business outlook, spurred by the knowledge that low stocks and rising prices may pinch the unwary, buyers of this most popular of gems are again entering the market. In August, usually a dull month, Brussels had an unaccountably firm demand.

The United States is the great buyer and wearer of diamonds. Bulk of demand must be from this country. The Manhattan Diamond Center reports rises of 15% to 20% on small stones, 30% to 35% on large ones—all within the past 2 weeks. Brokers declare individual demand is heavier than at any time in 2 years. An auction by the Provident Loan Society showed prices 10% above the previous sale.

People who are inclined to scoff at the idea that diamonds are a sensible investment will be astonished to hear that, in New York at least, the value of these gems has held up better than the average of any other commodity or form of security. Experience of the Provident Loan Society backs the statement.

Every two weeks the society auctions gems that have been pledged for loans. Analysis of the results affords a realistic measure of worth, free from ballyhoo and the confusion of mass statistics. The sales are the indicators on which the society lends its capital at about 75% of appraised value.

Records show that gem stones of comparable size and quality are worth more now than in 1912-14, are surprisingly close to the 1929 peak. On a perfect, white, one-carat stone the society now lends 55% of the lending value in 1929; 63% of the value in 1920; and 122% of that of 1912. The peak was reached during 1919.

Back to $75 a Carat

The average lending value per carat of perfect stones is now $75. From 1923 to 1929 the average was $118; from 1912 to 1918 it was $75.

The society's figures deal only with gem stones; do not include industrial diamonds, or bort, which have largely displaced cut stones in importations and caused the huge slump in the average value of stones brought in.

One explanation of the amazing resistance of diamond prices concerns the habits of the Jewish people. Centuries ago this harassed and astute race learned that accumulated wealth could be best captured, condensed and stabilized by putting it into diamonds. The diamond could be easily carried, it would be cashed in any country. Rich and poor alike, the Jews still practice their hereditary wisdom. Against the solidity of this market, general price disasters make comparatively small inroads. Intelligent rationing on the part of the diamond trust has helped.

New York's Provident Loan Society is unique. It lends from $1 to $2,000 on personal security, at 12% interest. Sometimes the loan limit is raised. The organization was panic-born in 1894. Certain public-spirited men realized that an institution was needed to protect from exploitation the temporarily destitute with personal belongings that could be pledged. It started with $100,000 private capital. Net earnings last year were $1,884,647, or 8.6% on contributed funds—a showing which explains why its certificates are so popular with institutions seeking a safe yield.

More Distress Loans

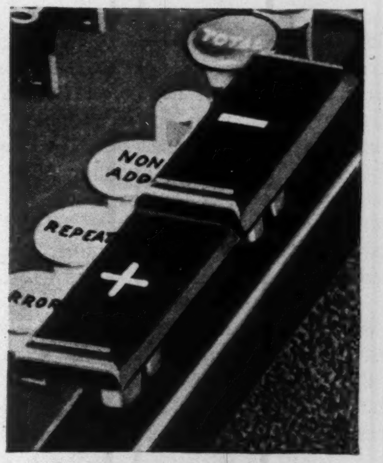
Hard times increase the number of small distress loans, as against the speculative loan which is larger and more profitable. Number of loans last year were greater than in 1929, but amount loaned fell from $44 millions in 1929 to $36 millions in 1931. Average of loans was $88 in 1929, $68 in 1931. Losses from unredeemed pledges on which loans were made during higher markets, increase in times like these. Normally 1% of pledges

SUBTRACTION IS AS FAST AS ADDITION

ON THIS *NEW*

BURROUGHS

AND IT PRINTS A CREDIT BALANCE



There are any number of jobs in an accounting department that this new Burroughs can handle with greater ease, simplicity and economy owing to its speed and ease of operation . . . and its exceptionally low price. In fact, many concerns find it both efficient and economical to use one of these remarkable machines on each desk.

There are many styles and sizes, with either wide or narrow carriage, from which to select a machine exactly suited to the type of work for which it is required.

For a demonstration . . . or for complete information . . . telephone the local Burroughs office or write to the

BURROUGHS ADDING MACHINE COMPANY—DETROIT, MICH.

Burroughs

TO SUBTRACT—Merely set up the amount on the keyboard and depress the minus motorbar. The amount is instantly subtracted, printed and designated by the symbol (—).

TO ADD—Merely set up the amount on the keyboard and depress the plus motorbar. The amount is instantly added and printed.

TO PRINT CR BALANCE—If the total of subtracted amounts is greater than the total of added amounts, the machine computes and prints the credit balance, automatically designating it (CR).

EXCEPTIONALLY FAST FOR MULTIPLICATION

are abandoned; the figure for 1931 was 2.9%.

The society loans on almost any personal security. Collateral that has been accepted includes laces, dental and surgical instruments, musical instruments, loving cups, golf clubs. Diamonds make up 90% of the pledges. Loans on these gems amount to such huge figures that it has been estimated that the society's annual loans surpass the combined retail diamond sales of the New York district, and that it has on hand a greater supply of diamonds than any other single United States agency. Total retail diamond sales in New York in 1929 were $95 millions; total advanced on diamonds by the society that year was about $40 millions. As the loans were based on auction sale values the two figures undoubtedly represent equal values on a comparable basis. The society's outstanding loans are $27,000,000. Some $24½ millions of this is secured by diamonds.

Railroads May Seek Alliance With the Federal Barge Line

CHANGING ideas are perceptible in the confusion of thought which surrounds the competitive struggle of the railroads, trucks, and water lines. There is some evidence of a disposition among the railroads to embrace the federal barge line in an attempt to prevent the trucks and independent water lines from making further inroads on traffic in the South.

Southwestern roads agreed this week to a reduced schedule of joint barge-rail rates on cotton negotiated by the Missouri Pacific with the federal barge line. The cut in rates on the rail-water movement follows hard upon establishment of a carload system of all-rail rates on cotton to the Gulf and to mill points in New England, Carolina, and Southeastern territory (*BW—Sep7'32*).

Wants a Definition

Representing a more favorable adjustment than it might be able to obtain at the hands of the Interstate Commerce Commission, which has jurisdiction over joint rail and barge rates, this arrangement is satisfactory to the federal barge line. But the resentment of the government-owned transportation agency against "political" interference by the railroads is fostering a desire to have its prerogatives clearly defined by law. Theoretically, the barge line is free to make any port-to-port rates it pleases but, as a practical matter, such adjustments have been vetoed higher up when the railroads have objected.

In snubbing the barge line, the Administration has, of course, been inspired by a desire to avoid further handicapping the railroads. Such action has served, however, to divert more tonnage to privately operated barge lines. When Secretary Hurley refused to permit the federal barge line to put in a barge-load rate of $1 a bale on cotton a year ago private barge lines and trucks pounced on the traffic, driving rates down to as low as 50¢ a bale. This led, in turn, to drastic cuts on up-river shipments of coffee and sugar which the railroads have felt keenly.

While the railroads urge regulation to check barge competition, inland waterway advocates are leaning to the belief that regulation is necessary to prevent them from domination by a policy dictated by the railroads. Stabilization of waterway rates was not regarded as desirable during the development period, but it is probable that Congress will be asked to consider such measures next session. The railroads, of course, will urge retirement of the government from barge line operation.

Lean Toward Truck Limit

From another front of battle comes the report that the U. S. Bureau of Public Roads is about ready to concede that the federal government should establish limits on the size and weight of buses and trucks, to be exceeded only on specific authorization of a state. This idea was still opposed as late as last spring and it is doubtful whether it would yet command unanimous support of mnaufacturers and operators. The Bureau of Public Roads is, however, an influential agency and this assumption of police power by the federal government may be the first step towards the more comprehensive regulation of highway transportation that is demanded by the railroads.

Wide World

VISITING ENGINEERS—*A delegation from the Institute of Mechanical Engineers of Great Britain inspects the "Santa Clara" being built for the Grace Line at the Federal Ship building Co. yards, Kearny, N. J.*

Figures Support Case For Bankruptcy Reform

In his battle for reform in bankruptcy procedure, Federal Judge John C. Knox of the New York district treads on a few corns and bombards the opposition with significant figures. Accumulated abuses blew off the manhole covers in 1928 and revealed conditions that made people hold their nostrils. Judge Knox took unprecedented action. He made the Irving Trust Co. receiver in all cases.

This happened in January, 1929. So gross were the revealed errors of the system that few opponents raised their voices at the time. President Hoover ordered an investigation and the result was a bill designed to correct the impossible working of the old law (*BW—Oct28'31*). That measure is now before Congress.

The Public's Short Memory

Many things have happened since 1928. The memory of the public is short. The opposition has consolidated its ranks, begins now to raise a protest. Lawyers and others are fighting some of the reforms. They boldly are urging on Congress a bill that would prevent trust companies' acting as receivers in such cases.

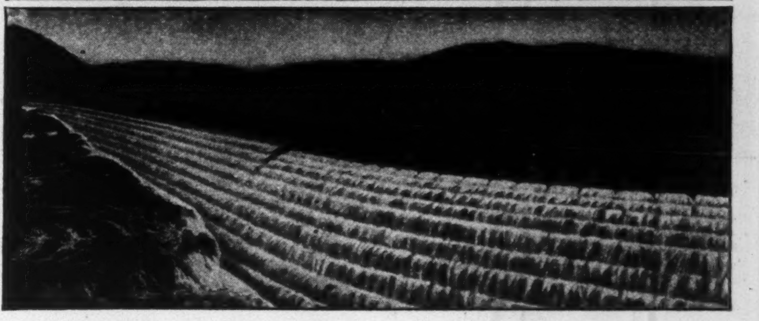
At a recent speech before New York's Rotary Club, Judge Knox asked his hearers to oppose the above bill. He disclosed that during its first 2½ years as receiver the Irving Trust had lost $300,000. It is just beginning to show a profit on this business. The judge defended his actions with vigor. He said that in 1928 the bankruptcy situation was so threatening that the federal court was "sitting on dynamite." Under the old system, New York's federal judges had $1 million a year in patronage to hand out.

Creditors Getting More

Judge Knox will appear before the subcommittee of the Congressional Judiciary Committee to testify on the proposed new bankruptcy act. He will have complete data on the stewardship of the Irving Trust at that time. The trust company has so far kept most of the facts of its operations to itself. It did announce that it has reduced the average cost of administering bankruptcies from 42.55% of realized assets to 29.22%. About 90% of all creditors now vote for the Irving Trust as trustee.

This is wise banking. Its receivership activities bring the trust company into contact with many business men and individuals; pleased creditors of bankrupts may become pleased customers of the Irving Trust.

Thus began MORE than a water system



It was 1799. New York City had again been stricken with the dreaded yellow fever. A group of public-spirited citizens formed a company to give the city its first safe drinking water. They built a reservoir "uptown."

The charter they obtained permitted them to invest their surplus in "any other monied transaction or operations." Thus began what is now the Bank of Manhattan Trust Company. But its directors did not stop there. De Witt Clinton dug a "Big Ditch"—the Erie Canal—and helped to build a nation. John Stevens put steam on wheels—and thus railroading began in America.

So the men of the Company have kept their fingers on the pulse of American industry. They have served not only their Bank—but the public. Through 132 years, the management has built up an experience now at the disposal of every American business.

BANK OF MANHATTAN
TRUST COMPANY

Capital, Surplus and Undivided Profits over $56,000,000

A UNIT OF THE MANHATTAN COMPANY

MAIN OFFICE: 40 WALL STREET, NEW YORK, N. Y.

International News

Economic Conferees—*Frederick M. Sackett (left) American Ambassador to Germany, and Norman H. Davis, former Under-Secretary of State. They will represent the United States on the organizing committee of the world economic conference due sometime after November*

If Danube Meeting Succeeds, World Conference Has a Chance

The states of central and southeastern Europe—all of them predominantly agricultural except Czechoslovakia and Austria—are conferring with their European creditors at Stresa, in Italy. The purpose of the conference is to devise some scheme, acceptable to all, for rehabilitating these countries financially and economically. Just now they are reduced to transacting most of their international trade and some domestic business on a barter basis.

Debtors at the meeting are Austria, Hungary, Czechoslovakia, Bulgaria, Rumania, Yugoslavia, Poland, and Greece. Principal creditors represented are Germany, Italy, Great Britain, France, and Holland, but not the United States, which has made the largest loans to these states. It is a European conference.

Barriers Must Be Razed

Since the collapse of the Credit-Anstalt, in Vienna, more than a year ago, the rest of the world has been more or less conscious of the chaos which has upset orderly financial routine and reduced international trade to a bare shadow of its old proportions. Debtors and creditors alike know that their major problem is the removing of international trade barriers. They tried to solve it a year ago but France persisted in pursuing her scheme of national hegemony, at which Germany and Italy particularly balked.

At the Lausanne conference this spring, one of the items in the final agreement was a provision for the calling of a conference as soon as possible to cope with the Central European problem. The present Stresa conference is the result.

There is some optimism over the outcome. One reason is that the 8 agrarian states in the Danube region got together last month at Warsaw and worked out a united front and a concrete plan of action which they could present at this meeting.

So far, 4 plans have been presented at Stresa. None is violently opposed to any other. France, for example, has suggested that preferences be granted on the products from the great Danube area. This they would accomplish by means of preferences on grain and, i the case of Austria (but not of Czec slovakia), on industrial exports. Th visualize a great multilateral agreeme to meet the situation, and want to a other nations to admit this preferentia agreement though it is contrary to existing most-favored-nation agreement

The French plan also provides for special fund, to which all importin nations would contribute, to be used to assist the agricultural states in marketing their products. The quota assure the Danube states of a fixed market the reimbursement plan would help finance orderly marketing.

The Germans are practically in accord with this revised plan of the French.

Italy rejects the quota arrangement in favor of a scheme of refunding to the debtors, in proportion to the volume of their exports, from a common fund set up by importing nations.

Poles Have a Plan

The Warsaw group put their plight up to the creditors in a bold plea for liquidation of debts through payment-in-kind on a pre-determined quota basis, and asked that a common fund be created which they could use to mobilize frozen stocks of banking institutions.

The net result of these plans is the same. Central and Southeastern Europe owe a number of creditors a large amount of money. The only way they can repay it is through a revival of international trade and a return of financial confidence. The Stresa confe ence aims to solve this European part of the world economic tangle. If it can succeed, one of the major obstac confronting the proposed world con ence, to be held in London after the November elections, will be removed. It may be possible, then, to extend the scheme beyond Europe.

National Ranking Changed In Industrial Shake-up

European News Bureau—Industrial production throughout the world is curtailed. In the shake-up, relative positions of industrial countries shifted.

The Economic Research Institute of Berlin has just published extensive data which shows the percentage of world production in the following countries.

	1928	*1931*
United States	41.1	34.8
Soviet Union	4.2	11.0
Great Britain	8.5	10.0
Germany	10.6	7.6
France	6.4	6.9
Japan	2.2	2.7
Canada	2.0	1.9
Sweden	0.8	1.1

Wide Reading

Motion Study—The Teacher. L. S. ersing. *Factory & Industrial Management,* eptember. Experiences with a study of otion economy in factory processes. For e manager who is looking for means of utting costs by increasing efficiency.

Air Conditioning—Advertising's Next ig Job. E. B. Weiss. *Printers' Ink Monthly* eptember. What the industry attempts to o; how the product functions; who manufactures air-conditioning equipment.

Charting the Trends in the Dairy roducts Industries. R. S. McBride. *Food ndustries,* September. Where dairy farming concentrated; where dairy products and rofits go; how consumption is shifting. A ensus analysis that is concise, interesting, ignificant.

How Much Do Banks Pay for Deosits? Frank W. Simmonds. *American ankers Association Journal,* September. verage interest rates throughout the counry for various types of deposits. Charts.

Our Existing Pavements Need Resuracing! How Shall We Do It Economcally? *American City,* August. A study nd report by the committee on design and onstruction of the City Officials' Division of he American Roadbuilders' Association.

A National Picture of the Departent Store Groups. *Sales Management,* ept. 1. Retail stores in 90 key cities belong o one or another of 17 great retail trade uying syndicates. Total annual sales for the roup are estimated at $1,703 millions. Complete chart of membership. Important for holesalers and sales agents.

History of the Franc. Francis Delaisi. *iving Age,* August. A young French economist relates the post-war history of the nc—from depreciation, through stabilizaon, to the recent gold accumulation backing it. Now he foresees difficulties.

BOOKS

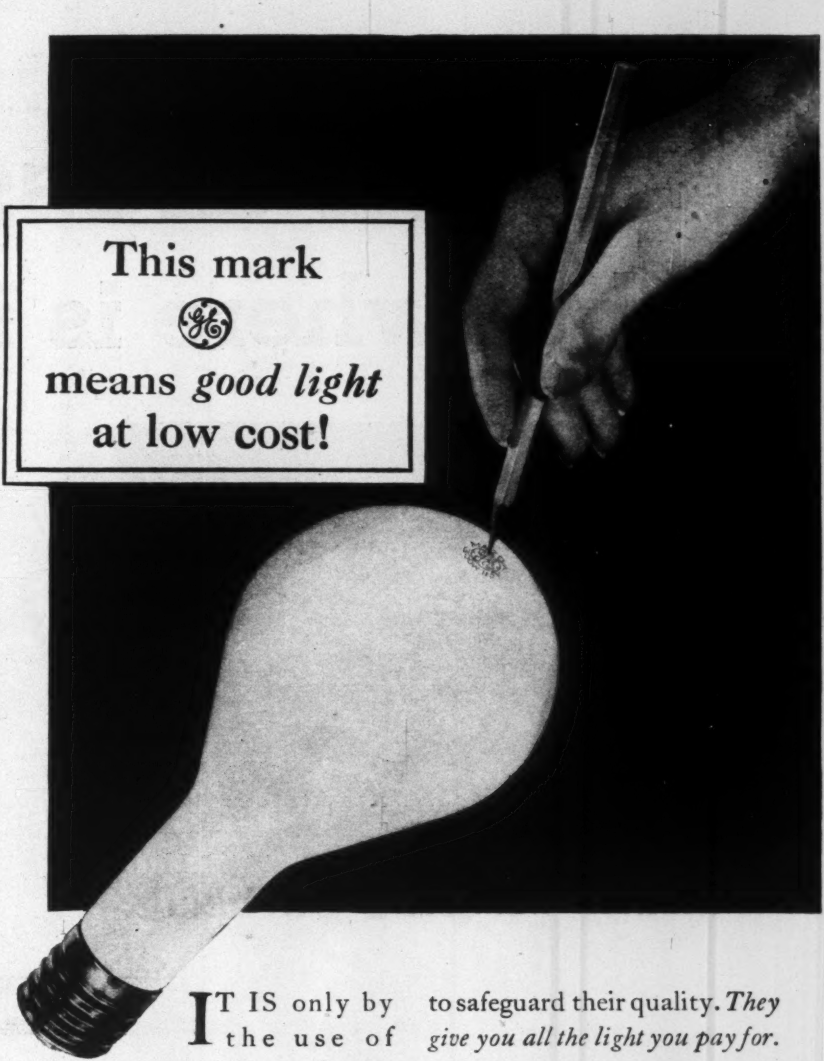
World Social Economic Planning. International Industrial Relations Institute, 585 pp., $2.50. Material contributed to the World Social Economic Congress at Amsterdam last year. Vital discussions of the necessity for planned adjustment of productive capacity nd standards of living.

A New Deal. Stuart Chase. Macmillan, 252 pp., $2. Our system is due for a change and the germs of new plans are evident. What are they, and where?

Statistical Year-Book of the League of Nations, 1931-32. World Peace Foundaion, Boston, 342 pp., $2. International ynopsis of available statistics. Valuable for he executive, statistician.

The New British Empire. W. Y. Elliott. Whittlesey House, 519 pp., $5. The empire in review. Commercial and political relations. Pertinent to problems recently discussed at the Imperial Conference at Ottawa.

Scientific Forecasting. Karl Karsten. Greenburg, 278 pp., $4. Another effort to forecast stocks of leading industries and general business conditions based on a number of statistically derived formulae rather than on opinions.



IT IS only by the use of lamps that are correctly designed and accurately made that you can be sure of having good light at low cost. Such lamps do not consume current extravagantly nor blacken or burn out before giving you adequate lighting service.

Four hundred and eighty processes, inspections, and checks are involved in the making of Edison Mazda Lamps, to safeguard their quality. *They give you all the light you pay for.*

To avoid paying month after month for wasted current, use lamps that bear the brands of a dependable manufacturer. Edison Mazda Lamps are manufactured by General Electric, and this mark will be found upon the end of every bulb. It is your assurance of good light at low cost. General Electric Company Nela Park Cleveland, O.

EDISON MAZDA LAMPS
GENERAL ELECTRIC

General Electric manufactures lamps for all lighting purposes . . . lamps for home lighting and decoration, automobiles, flashlights, photography, stores, offices and factories, street lighting and signs. Also Sunlight Lamps.

All dressed up

. . . but where is it going?

You may dress up your sales story with the most striking art work, you may have the most original and enticing advertising theme . . . *but it won't sell your product unless it reaches an audience with the desire, the authority and the wherewithal to buy your product.*

Sending your advertising to your logical markets—effectively, directly, economically—entails more than just buying space and signing contracts. It requires an intimate knowledge of the many media in each field—and of the story behind each one.

It isn't enough to know that many of your customers read a certain magazine.

Do you know just how many logical prospects you can reach through this magazine?

Do you know how these prospects are distributed geographically — whether you can profitably sell them after you've interested them?

Do you know how many "not-interested" readers you're paying to reach through this magazine?

Do you know the reputation, the financial standing, the general business policies of the publisher?

Do you know how highly regarded the editors are in their field?

Do you know how this magazine got its circulation? Did the subscribers buy it because they honestly wanted to read it, or because they wanted to get some premium, or to help some young subscription salesman along?

These are just a few of the many questions that must be answered before you can be sure that a publication is the right one, the most economical one, for *your business.*

Don't be ashamed if you can't answer these questions. That's not your job. Your job is managing your own business—making automobiles, textiles, refrigerators or some other kind of products. Studying the relative worth of the thousands of advertising media is a job in itself, requiring years of experience, demanding the full business days of capable advertising men.

The media department of any good advertising agency offers you the benefit of this experience. Here you will find the information you need to send your advertising direct to your logical markets . . . to make each advertising dollar bring home the maximum in sales results.

This is just one of the many good reasons why so many successful advertisers entrust their campaigns to good advertising agencies . . . why you, too, ought to employ a good advertising agency.

McGRAW-HILL
PUBLISHING CO.
INCORPORATED
330 West 42nd Street · New York, N. Y.

Because McGraw-Hill's continued success depends upon the success of its advertisers, we publish this, the eleventh of a series of advertisements on the value of advertising agency service in the creation of sales-producing campaigns.

that roaring
BRITISH LION

MAKE HIM PURR!

Why fight against the tremendous odds of high tariff and the "Buy British" movement? Follow the lead of scores of alert American and European exporters—establish a factory in Great Britain.

Gain the advantage of a "Made in England" label. Be on the *profit side* of tariff walls. Stop worrying about the difference in monetary standards. Prices quoted in Pound Sterling to other parts of the British Empire encourage more business than when quoted in dollars.

Factories on the L. M. S. right-of-way are available at amazingly low cost. Our files contain a complete listing along with floor plans and photographs. We believe we can prove to you—as we have to so many others—that manufacturing in England is a profitable venture.

At least it is an idea worth investigation. Your request for particulars will be held in *strict confidence;* entails no obligation. Just write or phone.

LMS
GREAT BRITAIN

LONDON, MIDLAND & SCOTTISH RAILWAY OF G. B.
[LONDON, MIDLAND & SCOTTISH CORPORATION]
homas A. Moffet, Vice-President—Freight Traffic
1 Broadway, New York City

American Companies Share Orders for Iraq Oil Project

CURSED with too much oil, the world is to have yet another area in production soon. Iraq oil from the famed Mosul field is being piped to the Mediterranean. Work on the project has been under way for some time but a complete force became active only this week. Final shipments of equipment will not reach their destination until about Nov. 1.

To all the world just now, the scheme is more significant as a construction project than as a new source of oil. Members of the International Pipe Cartel (including the United States) have been busy this summer filling their shares of the $12-million contract for 150,000 tons of pipe.

American tractor companies have received large orders for tractors to be used in grading, auxiliary road building, general construction. British firms have supplied a part of the special motor transport facilities to be used along the desert route between Mosul and the Mediterranean at Haifa, in Palestine. Vast numbers of Iraq workmen have been employed in the first stages of the work between Mosul and the Euphrates. It is expected that their number will be swelled in the next 2 months to 20,000 and that they will be kept busy for 18 months.

Will Spend $500 Millions

More than $18 millions have already been spent in connection with the Mosul oil development. Authorities estimate that the cost of bringing the oil down to tankers on the shores of the Mediterranean will come to nearly $500 millions if expenditures on related projects such as roads, harbor improvements, and refineries are included.

There is evidence that this is no idle guess. Bazaar talk in Bagdad, capital of Iraq, has it that Sir Francis Humphrys, High Commission for Iraq (it is a British mandate), is in Europe now negotiating loans to build a railroad from Iraq to Haifa, probably paralleling the pipe line. At present, the only transport between Iraq and the Mediterranean is by motor caravan (except for the expensive airplane trip). It is practically a 3-day trip. And even the armed convoy is not always successful in fighting back Bedouin attacks.

The Kaiser planned to connect Berlin with Bagdad, and the railroad was built as far south as Aleppo. A connecting line running east in Turkey now connects with the Iraq border north of Mosul. A feeble thread of single track stretches north from Bagdad perhaps half way to Mosul.

Palestine has no good harbors, but much money has been spent at Haifa and at Jaffa. Now it is intended to concentrate on the Haifa port works. Another $5 millions will be spent on breakwaters, on 3 quays to accommodate ocean-going vessels, and on huge refineries. Farmers in the region look for broader markets for their fruit.

Includes Irrigation System

A part of the Iraq oil concession, as it was finally settled by the League of Nations and the various contenders for the oil, was a provision that Iraq should get 4 shillings a ton for all unrefined oil taken from the region. Perhaps in anticipation of these royalties, perhaps merely a part of an enlightened and aggressive government plan for development, Iraq officials have announced plans for a vast irrigation project which will be undertaken at once. More than $7 millions will be spent on this project. The Tigris will be dammed, other tributary channels will be deepened and vast arteries of irrigation trenches will be constructed in the rich, but parched land which once was known as the granary of the world. Government plans call for a 5-year program, which means that royalties from the oil concessions would be available for the necessary financing before the project was long under way.

France is the member of the Iraq Petroleum Co. which pushed hardest for the development of the Mosul field. France has no oil at home.

Thirsty for Revenue

Iraq, however, has brought all the pressure possible on the French, British, and American members of the company because of the need for revenue to develop the country. Except for the extremely valuable date plantations at the mouth of the Tigris-Euphrates, and for the very narrow fringe of garden patches along the banks of the 2 rivers, the country has few other resources than its flocks and the Mosul oil on which to depend for a living. From the oil revenue, it may be possible to build up a system of canals which will make the traditional Garden of Eden once more a garden.

Business Abroad—Swift Survey Of the Week's Developments

Business upturn temporarily retarded, but undertone still confident. . . . Political uncertainty in Berlin tempers recent enthusiasm over government's reconstruction schemes. . . . French absorbed in conversion plans, economy measures. . . . Britain concerned over textile strike; Parliament rushed to consider Ottawa bargains. . . . Danubian states likely to reach accord with creditors at Stresa for payment-in-kind on outstanding debts. . . . Far Eastern prospects threatened by Manchukuo complications. . . . General feeling present lull is only temporary.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—Optimism was visibly retarded throughout Europe this week, but confidence has not been lost. The opinion is prevalent that the first burst of recovery was overdone. It is time now to slow up enough to consolidate the gains.

Germany held the limelight, forced the greatest degree of uncertainty into the general picture. The Reichstag met according to schedule, and was dissolved by von Papen according to the best predictions. Armed with a decree from old President von Hindenburg, the Chancellor refused to allow the German parliament to continue after it gave an almost unanimous vote of non-confidence in the President-appointed cabinet. Hitlerites for a time threatened to ignore the dissolution. Later they agreed to it.

New uncertainty develops out of the situation. Will Germany follow the constitution and carry out another election in the next 60 days, or will Hindenburg refuse to allow this, or will the Hitlerites agree to abide for a time by the regulations promulgated by the provisional cabinet?

German business evidently has confidence that the opposition is too divided to be any real threat to Hindenburg and the von Papen government. Markets lost some of last week's buoyancy, and the optimism which followed the announcement of the government's reconstruction plan is a little less enthusiastic, but there are no signs of alarm. Europe is inclined to expect the present government to remain in control at least through the winter.

There has been an attitude of expectancy in France all week because of the belief that the Chamber of Deputies will assemble at almost any time to pass on final plans for the $3-billion conversion. The French are almost wholly absorbed in economy measures. A large national deficit must be met, and internal prices deflated to levels nearer those of outside countries.

France Cool to Poland

Europeans generally are watching with considerable interest the growing detachment of France and Poland. Paris has definitely refused to sponsor a $30-million loan for Poland, and Polish representatives are said to be seeking at least a $10-million loan in either London or New York. It is likely that France will renew the military alliance with Poland, which expires soon, but it is just as likely that the terms will be greatly modified.

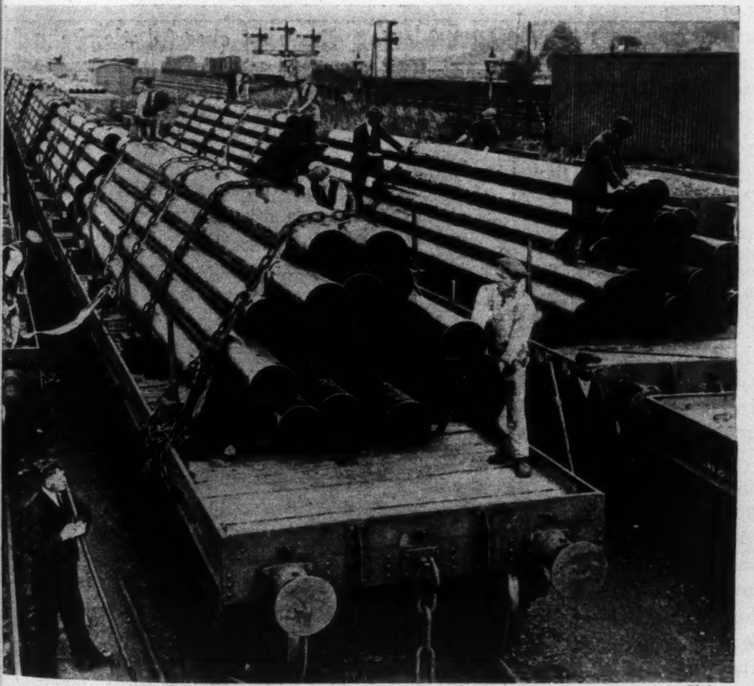
The British have been concerned all week with the deadlock in the textile strike. Agitators are busy and the country is alarmed lest labor troubles spread.

One of the most hopeful constructive signs is the better-than-expected results likely to come out of the conference of Danubian states, now in session at Stresa, Italy (page 18). The 8 largely agricultural countries of central and southeastern Europe are endeavoring to work out with their European creditors a plan which will allow them to pay their debts in farm produce. To do this, the creditors must agree to import fixed quotas, or to give them duty preferences. Obviously this plan conflicts with the established most-favored-nation treaties which many of the creditors have with other countries. It is the purpose at Stresa to iron out the difficulties as they affect all the European countries concerned, and then to carry a finished, workable plan to a later world conference which is likely to be held in London some time after the elections in the United States.

More Danubia

Considerable significance attaches to the outcome of this conference. The United States alone has more than $600 millions of loans frozen in these states. International trade throughout the area has been reduced pretty much to a barter basis. If trade channels can be opened in this region, it will do as much as anything to get the world started toward a general lowering of impossible tariffs.

Other news fragments are worth not-



Globe

ENGLISH PIPE FOR IRAQ—*A shipment leaves the Bromford Tube Mills, Birmingham, for the 1,200-mile pipe line being built across Palestine and Syria. The pipe line, refineries and harbor works will cost $500 millions* ing. Britain is summoning Parliament a week early so that action can be taken promptly on the empire agreements provisionally worked out at Ottawa. Opposition to many of them is widespread.

There is talk, at least in Paris, of another world oil conference to be held in October with the Soviets represented. It is known that British and American oil companies are eager to reach some agreement with the Soviets to aid in the orderly marketing of export oil. But the Soviets are said to be demanding a $50 million loan as the price of signing, the loan to be repaid in oil. No one is very certain that the British and Americans have agreed among themselves to meet these terms. The plan worked with Rumania, however, and that country received a loan on the strength of the accord with the other major oil interests, signed in early summer.

つばめ
TSUBAME

Globe

Envoy to Manchukuo—*Japan, first to recognize the new state carved out of old Manchuria, sends trusted General Muto (left) to look after Japan's diplomatic interests. Premier Saito (center) went to the station in Tokyo to lend prestige to the event, give parting instructions*

Germany

Business little affected by political events. . . . Industrial pickup spreads to more industries. . . . Americans hit by import quotas and tariff increases.

Berlin (*Cable*)—This week's dramatic dissolution of the Reichstag has not affected the basic strength of the von Papen government, because its opposition is still too heterogeneous and disunited to be effective. German business is aware of this condition and refuses to be strongly influenced by developments. A good share of the stimulus from the von Papen plan for industrial relief, however, has been lost, at least temporarily. It seems now that the government will adhere to the constitution and that there will be another election within 60 days. This uncertainty will reflect itself on business.

The decline in the number of jobless since July is largely due to the new method of determining the right of awarding the dole, though informed opinion believes that signs of recovery are likely to multiply and that there will be no further deterioration. New business is developing in several lines.

New Quotas Opposed

Business is voicing the strongest opposition to the import quotas and duties decreed by von Papen Aug. 31. The higher agricultural duties were expected. Wholly unexpected were the sweeping increases covering chemicals, textiles, abrasives, and household hardware.

American imports are particularly hit by the boosting of the tariffs on office machines and appliances and on a number of other purely American specialties. The following are the most important increases, and they suggest the rates which have been levied throughout the schedule:

	Old Rates	*New Rates*
	(dollars per pound)	
Typewriters	0.26	0.48
Calculating Machines.	0.39	0.64
Cash registers.......	0.26	0.53
Automatic scales and vending machines..	0.13	0.32
Saxophones	0.07	0.75
Phonograph records..	0.13	0.26

In motivating these increases, at least as far as American office appliances were concerned, the fact was stressed that, in spite of the depression, imports of American typewriters into Germany have increased rapidly. In the first 7 months of 1932, 14,212 machines were imported, in contrast with 2,473 in the same period in 1931. Dollar values show a considerably smaller increase. This is due not only to the fact that portable typewriters were imported to a larger extent this year, but also to severe price-cutting on the part of the importing companies. Incidentally, both Remington and Underwood operate their own branch factories in Germany.

Great Britain

Business cheerful despite market reaction and continued textile strike. . . . Few industries expand. . . . August foreign trade disappointing.

London (*Cable*)—The British continued to be optimistic this week over the general business outlook. The stock market was a bit irregular but there were no serious setbacks. Public interest, in fact, continues to expand. Industrial shares gained in popularity during the week. Commodity prices were also steady, except for the setbacks suffered by tin and silver.

Industrially, despite the serious strike among the Lancashire textile workers which has affected more than 150,000 men, there are a few hopeful developments. Electric output for August was up 7.4%. Air traffic in the first 6 month of the year doubled the volume in the same period last year. Foreign demand for cotton goods and rayon is good, though there is some doubt how much this will help the textile industry unless the strike in Lancashire is settled soon.

Similarly questionable is the benefit

which the British will reap from the new and improved preference on the Indian cloth market unless peace is returned to the industry. The Indian government has decided upon an immediate increase in the import duties on all non-British cotton goods from 31¼% to 50% ad valorem. This decision will chiefly affect Japanese goods, which will now have to stand a duty of 50% against 25% for British goods. The Lancashire preference is increased by the new tariff from 6¼% to 25%.

Branch Plant Opens

An American firm—Liptak Furnace Arches, Ltd.—has recently equipped its plant at Broadheath for the manufacture of high temperature cement. Raw materials are to be imported from the United States, but the entire manufacturing will be done in Britain.

August foreign trade was disappointing. Results, just disclosed, show that exports dropped to a new low at £28.5 millions, compared with £29.3 millions in July. Imports totaled £53.3 millions, compared with £51.9 millions in July. Largest decline in the export list was coal. Manufactures were second, especially machinery and cotton yarns.

France

Reaction on financial markets, but continued small industrial revival. . . . Conversion expected very soon. . . . Other economies necessary to balance budget.

Paris (*Wireless*)—Reaction marked the security markets in France this week, but there were no serious unfavorable developments. A part of the downward movement was due to the tendency of the French Bourse to follow Wall Street trends. Another factor was the uncertainty caused by Germany's arms demands and by the dissolution of the Reichstag in Berlin. And finally, there is inaction in stocks because of the expectation that the big conversion operation will be voted by the Chamber within the next few days. The public has entered the market wholeheartedly within the last month and it is likely that the conversion will receive wide popular support as a patriotic measure. At heart, the Frenchman is reluctant to accept another writedown on his investments in government securities.

French reaction to conversion plans is not exactly the same as the British. Frenchmen still recall vividly the devalorization of the franc. To accept 1% or 2% less in interest is better than to face another writedown on his savings in the form of a devalued franc. This saving to the government will amount to only $60 millions a year, which is a small fraction of the budget deficit. There will be more economies to which he will need to adjust himself.

Fortunately the week revealed some encouraging developments. Unemployment is still declining. The coal, iron and steel, and textile industries continue to register small gains in the volume of orders coming to them. There are fair prospects that the Stresa conference will reach some agreement to revive international trade in central Europe.

Latin America

Socialist government overthrown in Chile just when plans for servicing foreign debt were formulating. . . . Revolt continues in Brazil. . . . Argentina considers rail improvement program.

The same signs of business recovery which have influenced business in other parts of the world have somewhat brightened prospects in Latin America, but the outlook is still relatively not good.

The latest government upset in Chile may prove to be the week's most significant news. To predict the outcome on the scanty news which has come out of Santiago so far is impossible.

What New York bankers had looked on as the most promising project advanced by the Dávila government may now be lost. Not a week before the recent coup, Dávila had announced the formation of an Autonomous Sinking Fund for the Amortization of the Public Debt, to be administered by a government-appointed commission. It was to be the function of this new institution to handle the service charges on all existing internal debts, to endeavor to consolidate and establish service payments on the country's foreign short-term obligations, and to reestablish interest payments on the consolidated foreign long-term loans. Chile owes more than $275 millions abroad.

Brazilians Still Fighting

News of the progress of the revolution in Brazil is as indefinite as ever. Coffee prices are still supported by the threat of a shortage. In Brazil, however, there is complete recognition that other coffee exporting countries stand to benefit most, for once the revolution is ended there is plenty of Brazilian coffee to supply the market and prices are likely to drop back nearer old levels.

There is little news from Argentina. Business is most interested in the report that the Argentine government is considering a $13-million program of railroad extension and improvement.

Far East

Political uncertainties connected with reactions to Japanese recognition of Manchukuo overcloud signs of economic pickup in the Far East. . . . Japanese textiles hold recent gains. . . . Chinese business expanded in August; threatened now by growing anti-Japanese sentiment.

Recent signs of economic improvement in the Far East would develop greater business optimism if the political situation were less threatening. Until Japanese recognition of Manchukuo is broadcast and the reactions of world powers known, until the League report on the whole Manchurian campaign is published (if it is), and until it is known how far the Chinese government may be willing and able to curb the fresh wave of anti-Japanese sentiment, sound business recovery will not go far.

In Japan, there are a few hopeful signs this week. Silk shipments are at their peak. Reports for August indicate that American takings were up 8,000 bales compared with a year ago. Filatures are reopening. The government estimates that the fall cocoon crop will be 3.6% smaller than a year ago. The spring crop was reduced about 15%.

Rayon Earnings Are Up

Rayon manufacturers are speeding activity. They are under agreement to operate at no more than 85% of capacity until October. It is possible that all production restrictions will be removed by the end of the year if recent demand keeps up. Tokyo expects the big rayon producers to increase dividends—which ranged from 6% to 10% last year—by at least 2%.

August reports from China are decidedly more optimistic, but the growing unrest of the entire country over the announcement that Japan has given official recognition to Manchukuo, and the possibility that the League report is going to be modified in an effort to appease the Japanese and keep them in the League is unsettling prospects. While long-term commitments are being negotiated cautiously, short-term business is being transacted in increasingly greater volume.

Ready Now!

THE AMERICAN CONSUMER MARKET

A Study by The Business Week
(Reprint)

What has happened to your market in the last decade? Is it growing? Is it diminishing?

What have changing habits and tastes done to your sales possibilities? What of the conditions? More important — what of the trends?

For the first time these questions have been answered for you and for everyone else who sells to the consumer market. Not a partial study. Not a projection of fragmentary data. A comprehensive study, national in scope, disclosing *all* the incomes and *all* the expenditures of *all* the people of the U.S.A. over a 12-year period.

Shorn of all enthusiasms and promotion emphasis, this study provides a safe taking-off place for any merchandising plan involving the great American consumer market.

Now, within a single cover, a reprint of the 20-article series that appeared in *The Business Week,* April 27th to September 7th inclusive. Per copy, 50 cents.

The Business Week,
330 West 42nd Street
New York, N. Y.

Please mail .... copies of your reprint "The American Consumer Market" @ fifty cents per copy.

Remittance of $...... enclosed.

Name ....

Company ....

Street Address ....

City and State ....

Use the Coupon for Ordering

British Went to Moscow As Well As to Ottawa

LOUD were the protests of the dominions at Ottawa over Britain's large volume of imports from the Soviet Union. Contrastingly guarded were the replies of the British delegation.

This was to be expected. As long ago as April Britain began to consider seriously the prospect of increasing sales to Russia. It was the Soviet's best foreign customer and yet it had never ranked better than the third best supplier. The balance of trade was heavily in favor of Moscow. As a result of this searching into business prospects, the British Export Credit Guarantee Department was authorized to guarantee bills up to 2½ years drawn by British manufacturers on Soviet trading organizations.

Export Credits Extended

Negotiations did not end there. Late in May the Board of Trade recommended to Parliament that it extend the volume of export credit guarantees on Soviet orders another £1,600,000—and for 18 months instead of the old 12-month maximum. This, officials admitted, was necessary if Britain was to get a fair share of the machinery orders, most of which recently have been going to the Germans because of their longer credit terms.

Soviet orders placed in Great Britain in the first 5 months of 1932 totaled $13,800,000. British purchases from the Soviets were only slightly greater.

There have been some shrewd moves from both London and Moscow in recent trade maneuvering. London, with a heavy adverse balance of trade with the Soviets, held up to Moscow the prospect of turning some of the large orders to the dominions unless the Soviets gave more of their industrial orders to British manufacturers. Moscow, in turn, pointed to an impeccable credit record, to increasing order lists placed in Britain, invited a shipload of British journalists to come to Russia and get acquainted.

Details Kept Quiet

All these details have been kept quiet until recently because London wished to impress the dominions with trade prospects. Now they are being revealed. The empire gets a preference on certain items which the Soviets have commonly supplied, but the British still buy much from Russia. And to maintain Soviet friendship and cultivate Soviet orders, they will meet the rest of Europe's credit terms. The dominions have gained something, not everything.

A few Londoners also know of another plan to secure Soviet orders. Almost as soon as it was known that at Ottawa Canada had secured Britain's consent to give empire preference to products which have been coming in fair volume from the Soviet Union (especially lumber), Mr. J. Gibson Jarvie, head of the largest British consumer credit finance house, left for Russia, where he will spend some weeks. His departure and destination have been kept secret in Britain, and the immediate purpose of his visit is not known. It may be assumed, however, that his company—the United Dominions Trust, which has the backing of the Bank of England—is preparing to increase the credit facilities for British-Soviet trade and to supplement unofficially the government's official export credits, which have proved inadequate and which can't well be expanded in the face of promises to the dominions.

British Trains Speed Up—One to 71 Miles an Hour

BRITAIN'S Great Western Railway has speeded up the *Cheltenham Flyer*, the worlds fastest train. Two minutes have just been cut from the running time for the 77¼ miles between Swindon and Paddington, and the average start-to-stop speed raised from 69.18 to 71.3 miles an hour.

It is significant that it is just one year since the schedule was boosted to average 69 miles. In the interval, trial runs have been made at an average of more than 81 miles.

The Great Western is making a bold bid for traffic with this kind of bait. Besides the *Cheltenham Flyer*, other trains will run on reduced schedules. A total of 460 minutes will be saved on various lines in this week's new schedules, and this is the fourth cut in 14 months. The first, in July, 1931, cut running time 2,752 minutes daily. In September, last year, another 1,329 minutes were hacked out of the daily runs. In July, of this year, 6,553 minutes were lopped off.

In the newest schedule, the Great Western lists 58 express trains with speeds of 65 to 71.3 miles an hour.

Pensions for Employees

. . .

You construct a plan to meet the needs of your group. Each employee puts in a little every month. Your firm adds a reasonable portion. The Prudential administers the funds.

Result: Your own plan, plus the strongest possible financial backing.

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA
Edward D. Duffield, President
HOME OFFICE, NEWARK, N. J.

THE PRUDENTIAL HAS THE STRENGTH OF GIBRALTAR
FOUNDED BY JOHN F. DRYDEN

Employers, please write for "A Little Book about Pensions"

TO ADVERTISERS:—

A full-size issue of The Business Week has been prepared, entitled "Advertisers Issue." Written in characteristic editorial style, it fully describes the paper, its philosophy, features, markets and unique circulation. A copy will be mailed to advertising men, and other properly interested persons, upon request.

Advertising Department
THE BUSINESS WEEK
330 West 42d Street
New York City

The Figures of the Week And What They Mean

Security markets have begun to sag just as the basic business indicators begin to give some evidence of lending support. . . . Steel production has recovered from the low on the strength of miscellaneous orders, but the Maine election may hasten support of the construction program. . . . Coal production and carloadings continue their upward swing. . . . Electric power production suffered less than usual from the Labor Day holiday. . . . Check payments and department store sales made poor records in August, but the September outlook is better since a break in declining payrolls and employment is becoming evident. . . . Commercial loans have expanded for 2 successive weeks.

WHILE most estimates of steel activity indicate a fairly sharp rise from the Labor Day week, it is disappointing that so little of this gain can be attributed to the important steel consumers. It is largely the accumulation of miscellaneous orders for stock replenishment purposes, and very moderately replenished at that. The August report of steel ingot production of the American Iron and Steel Institute shows activity approaching an even 14% of capacity level. Total tonnage for the month was somewhat larger than in July due to 2 extra working days. For the first 8 months of 1932, activity has averaged 20% of capacity against nearly 44% last year.

The *Iron Age* feels that the Maine election results will speed up the releases for railroads and construction purchases which have been hanging in the air for some time. The first loan by the R.F.C. for construction purposes was announced Sept. 13, being a $40-million starter on a project estimated to cost $200 millions. This Southern California water project will require 25,000 tons of structural steel, 30,000 tons of drill steel, in addition to rails, reinforcing bars, copper cable, electric tunnel locomotives, and mine dump cars. Work is planned to commence immediately. The U. S. Treasury announced that 230 buildings costing over $71 millions have been completed up to Aug. 31, and that 382 structures costing over $324 millions were under way. The economy drive which is now affecting estimates for next year's budget will probably cut the $322-million emergency relief program for construction by 10%.

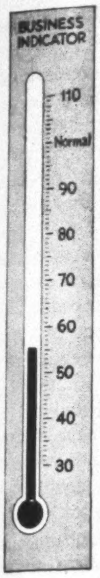
To Aid Railroad Buying

The Railroad Equipment Financing Corp. has been organized by the heads of the leading equipment manufacturing concerns to stimulate and facilitate the buying of steel products by the railroads. This organization hopes to induce the roads to make use of the $300 millions allotted by the R.F.C. for such purchases to the embarrassment of the roads who have been reluctant in asking for such loans. The Nickel Plate decision of the past week is not likely to reduce such reluctance. So far the Reading Railroad is the first important buyer of steel for repair purposes.

August automobile production in the

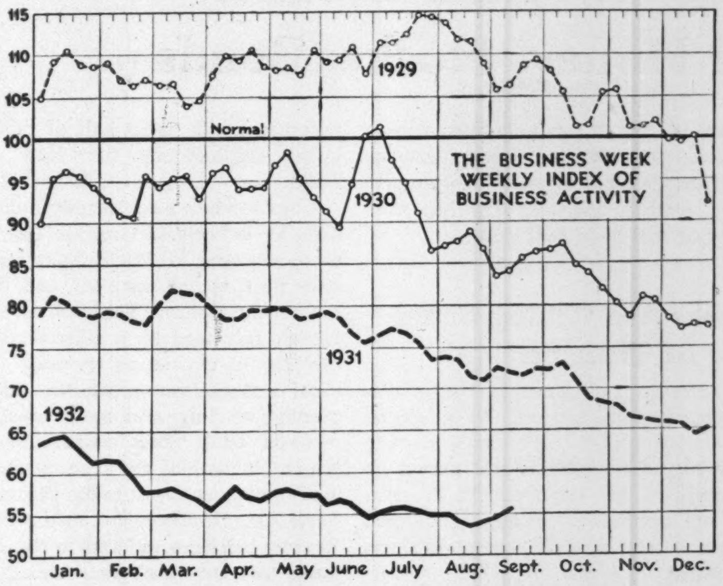
THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*	*Five-Year Average* (*1927-1931*)
THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*55.7	†54.7	72.0	......
PRODUCTION				
Steel Ingot Operation (% of capacity)	15	†12	30	63
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$4,737	$4,301	$8,866	$16,129
Bituminous Coal (daily average, 1,000 tons)	*941	887	1,270	1,589
Electric Power (millions K.W.H.)	1,444	1,465	1,582	1,549
TRADE				
Total Carloadings (daily average, 1,000 cars)	93	90	127	172
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	62	60	83	110
Check Payments (outside N. Y. City, millions)	$2,431	$2,494	$2,877	$4,672
Money in Circulation (daily average, millions)	$5,732	$5,740	$5,105	$4,826
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.49	$.49	$.42	$.97
Cotton (middling, New York, lb.)	$.078	$.088	$.067	$.156
Iron and Steel (STEEL composite, ton)	$29.32	$29.32	$31.03	$34.31
Copper (electrolytic, f.o.b. refinery, lb.)	$.060	$.058	$.071	$.126
All Commodities (Fisher's Index, 1926=100)	63.2	62.5	68.9	88.7
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,313	$2,337	$1,232	$1,292
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$18,564	$18,539	$22,016	$22,002
Commercial Loans, Federal Reserve reporting member banks (millions)	$6,293	$6,284	$7,891	$8,737
Security Loans, Federal Reserve reporting member banks (millions)	$4,519	$4,512	$6,442	$7,082
Brokers' Loans, N. Y. Federal Reserve reporting member banks (millions)	$371	$345	$1,325	$3,707
Stock Prices (average 100 stocks, Herald-Tribune)	$90.44	$92.61	$110.45	$156.44
Bond Prices (Dow, Jones, average 40 bonds)	$81.62	$82.00	$91.70	$95.14
Interest Rates—Call Loans (daily average, renewal)	2%	2%	1.5%	4.7%
Interest Rates—Prime Commercial Paper (4-6 months)	2–2¼%	2–2¼%	2%	4.2%
Business Failures (Dun, number)	420	549	396	339

***Preliminary** **†Revised**



The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.



United States and Canada is estimated by the National Automobile Chamber of Commerce at 89,855 compared with 118,611 in July, the lowest total since last November. Retail sales in August have benefited by the better feeling engendered by the rising security markets. General Motors sales to consumers increased from 32,849 in July to 37,230 in August. Sales to dealers are still being restricted, so that the recent improvement in consumer buying should make further inroads on the already low stocks. Buying for new models will probably not appear until the end of September or October.

Steel Orders Improve

The slight upturn of less than 3,300 tons in the unfilled orders of the U. S. Steel Corp. at the close of August is encouraging, even though small. Fourth-quarter prices on most steel products are likely to be the same as have prevailed in the third quarter. Sheet makers may attempt to wipe out the concessions that have been offered in August and restore the quotations of June.

The improvement in all groups of building activity during August as compared with July was due largely to the additional 2 days in the former month. But even when allowance is made for the number of days, the declines from the preceding month are very modest.

About half of the awards were classed as public works and utilities, with a total of slightly more than $64 millions. This is a 6.8% gain over July and only 12.5% below a year ago. On a daily average basis, however, a 1.1% decline is shown from July and a 15.7% drop from a year ago.

Non-residential awards totaled $49 millions, gaining 0.2% over July but falling 51% behind a year ago. With allowance for the difference in the number of days, the group falls 7.2% behind the daily average of the preceding month and 53% under a year ago.

Residential awards aggregated $20.8 millions, an increase of 5.2% over July and 66% under last year. On a daily basis, the gain becomes a 2.7% decline from the preceding month. Total awards were valued at $133.9 millions, 4% ahead of July and 43% under August, 1931. On a daily average basis, the month shows a 3.6% decline from the preceding month.

Coal production continues to make steady upward strides, with anthracite showing another sharp increase of 33%. Slow progress is being made in the anthracite wage reduction conference, with the miners attempting to shift the load of cost reduction to the railroads with a demand for lower freight rates.

Electric Power Consumption

The Labor Day week reduced the consumption of electric power less than usual this year, so that the comparison with a year ago shows considerable improvement over the past several months. The index remains unchanged at 71% of normal. It is significant that the greatest improvement occurred in the New England states. The central industrial region showed practically no change from the preceding week.

Carloadings continue to show improvement as September begins. The index based on miscellaneous and less than carlot freight remained unchanged at 49% of normal. The thirty-day notices for the proposed 20% wage reduction are expected shortly. In the meantime savings banks and insurance companies are interesting themselves in the problem of the railroads to protect their investments.

Check Payments

The volume of check payment during the week ended Sept. 7 declined to a new low level. The index remained unchanged at 62% of normal. New York City showed a 13% decline in the week, but the 131 centers outside of financial cities showed a 2% increase. For the month of August, New York City reflects the greater stock market activity with a 6% gain over July, but outside of New York City, a decrease of like amount is reported.

Average daily currency circulation during the week ended Sept. 10 declined slightly from the pre-holiday peak. Merchants report some improvement in retail trade of late. August department store sales were 24% below a year ago. Bank suspensions totaled only 9 for the week Sept. 8.

Commodity prices have given way in sympathy with the stock market in the past few days. Declines occurred in silk, cocoa, sugar, hides rubber, corn, wheat, cotton, silver, and tin. Copper and lead were steady, as was steel scrap. Gains were reported in zinc, cattle, and wool. Coffee prices were irregular.

Trends of the Markets In Money, Stocks, Bonds

Stronger bank position begins to be reflected in seasonal credit expansion. . . . Despite signs of business improvement, security markets run into reaction but still hold bull trend.

Banks Are Making Better Use of Their Strength

THE weekly bank statements grow distinctly more encouraging, after several months during which the banks seem to have played no part in and shown no response to the improvement in security and commodity prices, international financial factors, and general business sentiment.

There is now no question about the increasing strength of the bank position and its capacity to support business expansion. Reserves of member banks are again about at the peak figure, following the 3 months of large open-market operations by the Reserve banks from March through May. Excess reserves are also at the high figure of $300 millions once more with about half of this total being reported by the New York banks.

Gold reserves have steadily increased, through imports and release from earmarked stocks. Nearly $200 millions have been added since the end of the run on the dollar. Reserves have been further increased by a slow decline in currency in circulation, contrary to the usual seasonal movement, since the beginning of July, and by issue of new national bank notes under the additional circulation privilege granted by the Borah amendment to the Home Loan Bank Act. Indebtedness to the Federal Reserve has been reduced to the lowest point so far this year, about $150 millions.

Deposits at New High

These things, probably helped by generally better security markets which have strengthened bond portfolios, are now being reflected in more liberal credit policies. Time and demand deposits of New York City member banks have reached a new high level for the year, wiping out all the decline which has taken place since Jan. 1.

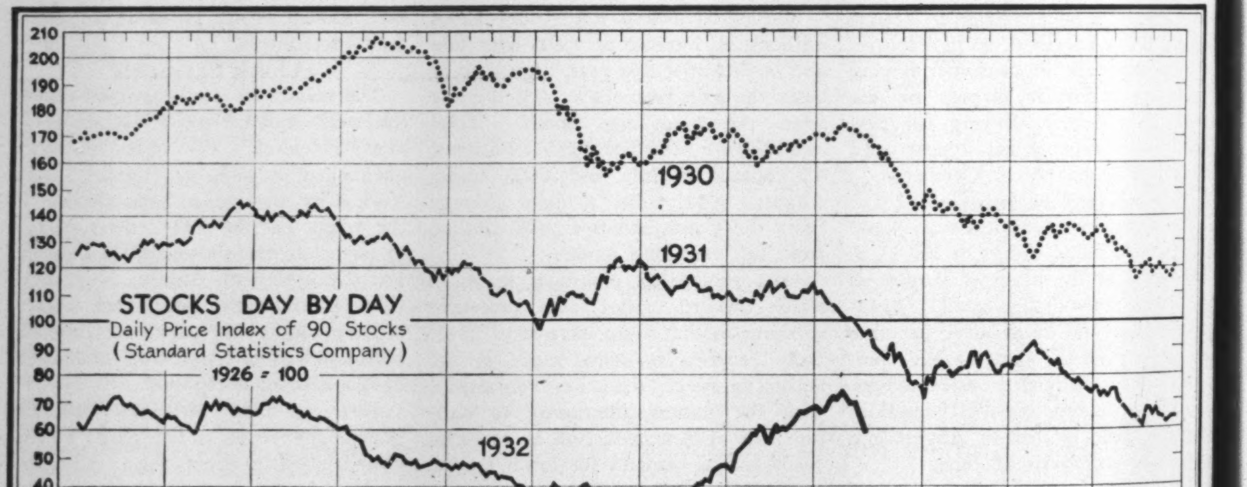
Total loans and investments still show almost no net change from the level around which they have fluctuated since early in March, but they have risen for two successive weeks, along with investments in other than government securities. Even security loans of banks showed a slight rise during the first week of September.

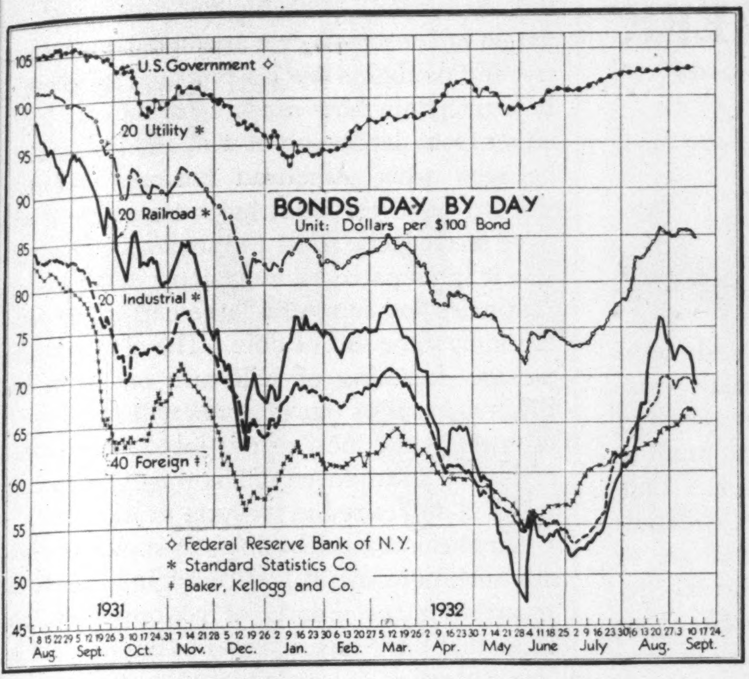
Outside New York the record is not so striking. Member bank credit is still slowly declining, but deposits have stopped falling and have shown a slight rising tendency since the beginning of August.

Experiment Ended

All these developments have evidently made the Reserve authorities willing to let the amount of reserve credit in use decline. Open-market operations have virtually ceased since a month ago, and last week there was a slight drop in Reserve bank holdings of governments, marking the end of the largest-scale experiment on record in this field, and one that seems to have been proven most successful.

Call money rates have shown a slight tendency to rise as stock market activity and prices have increased and the supply of outside funds has shortened.





The Signs Are Bullish If the Market Isn't

THE market ignored a crop of favorable business news after Labor Day and became increasingly uncertain of itself, finally running into several days of sharp reaction with heavy sales volume. The reaction cut off about a third of the rise from the bear market lows but it seems to have met with good support and did not exceed the limits which still leave the general line of market movement upward.

This was expected sooner or later, after the steep rise of the past two months, but why it should come just when much-needed confirmation of the advance by indications of actual business improvement began to appear is one of these puzzles of the speculative temperament.

Disturbing Factors

The political upset in the Maine vote probably disturbed the market somewhat, but cannot be considered a basic influence. Commodity price movements, especially fluctuations in cotton, were far more important. Evidences of increasing business activity and employment, which are now forthcoming, however, are likely to outweigh all these factors.

The short interest was reduced to a low level by the middle of August as result of the market rise from mid-July, but the rapidity of the rise seems to have encouraged the shorts somewhat in the last half of the month, for then interest increased after Aug. 15, according to Stock Exchange figures, and may have finally had its fling in the general market relapse which took place last week.

Bond Reaction Is Held To Second-Grade Issues

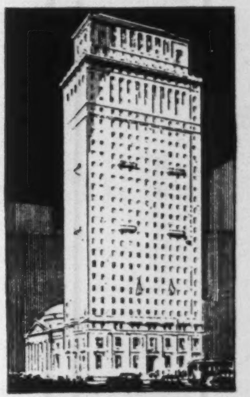
THE bond market has been able to make little or no headway since the end of August, and last week's reaction in stocks brought another spell of weakness in bonds. The slump was confined, however, principally to the more speculative, second-grade issues, especially rails, and to foreigns.

Disappointment Hits Rails

Disappointment over the failure of the I.C.C. to lend the Nickel Plate more than a quarter of its requirements for its maturing note issue, and other recent signs of increasing stringency of I.C.C. policy was a factor in the severe break in rails. The political upset in Germany disturbed the foreign list somewhat. A spurt of strength in New York City issues, with the evidences of vigorous economy policies on the part of the new mayor was a feature of the municipal market.

New municipal issues are increasingly scarce as the economy wave spreads, and such as are forthcoming command very favorable rates. New issue activity increased slightly in August, but is still very small and almost wholly for refunding purposes.

For Attorneys



The new 30-story Girard Trust Company Building offers ideal accommodations for attorneys and business men. Located in the heart of Philadelphia's business and financial district, convenient to the City Hall and the railway stations, it adjoins the banking house of the Girard Trust Company, thus placing the banking, safe deposit and trust facilities of the Company at the immediate disposal of tenants.

Attractive office suites are still available.

Rental Office Room 1500
Telephone—Rittenhouse 2342

GIRARD TRUST
COMPANY
BUILDING
1400 SO. PENN SQUARE
PHILADELPHIA

Low-Priced Stocks a Buy?
Write for this report—gratis
Babson's Reports
and the famous
BABSONCHART
Div. 17-57 Babson Park, Mass.

TAKE 800 sq. ft.
or 21½ times as much

All rentals are at present day par values in

The
NEW McGRAW-HILL BUILDING
330 W. 42d St., New York

See
Brown, Wheelock, Harris & Co., Inc.
14 East 47th St., N. Y. City
or
342 West 42d Street Corp.
330 West 42d St., N. Y. City

THE BUSINESS WEEK
The Journal of Business News and Interpretation
September 21, 1932

How Far Recovery?

RECENT improvement in security and commodity prices, betterment of the banking situation, and many other factors that have appeared during the past three months offer some promise that the period of business contraction has come to an end and that one of expansion is beginning. Hopes that this may prove true are so strong, and everybody is so fed up on the depression that no one is disposed to quibble about the character of such business recovery as may come or ask himself how far it is likely to go. Will it ultimately bring us back to the 1929 level, or even better, or shall we have to adjust ourselves to some different and far more modest kind of prosperity for a long period?

These are important questions, for upon the answer to them intelligent business planning in large part depends. Yet the answer to them lies mainly in the hands of business itself and depends upon the policies that American business men may adopt in respect of several important problems.

Of these the most pressing is that of wages. The extent and speed of recovery from this depression will be determined mainly by the promptness with which wages can be restored to the pre-depression level and the degree to which they can be raised above it thereafter. Since we firmly believe in the continued expansion of American business we are quite sure that, as in the past, the level of money wages in this country will continue the persistent upward course it has always held, notwithstanding the ups and downs of commodity prices, and that within a few years wages will be higher than they were in 1929 even though commodity prices do not quite return to that level. At least it is safe to say that security prices will not return to the 1929 level or stay there long if wages do not.

This may seem fantastic when one considers the extent to which wages have been reduced in this depression—probably the most drastic deflation of consumers ever attempted in this country; and doubtless few are prepared to believe it. It is uncertain how much a nation ever learns either from depression or war, and it remains to be seen what American business will have learned from this one; but we are sure it will have to reconcile itself to this fantastic fact unless it is prepared to scrap most of its modern industries and support a large part of the population by some sort of dole. The new industries we are dreaming of will turn out to be bad dreams, many of our old ones will rust away in idleness, while most of our jobless will be permanently unemployed unless wages are speedily restored and raised as recovery proceeds.

Skeptical as most business men may be about any such outcome, it is encouraging to note the recurrent news reports of concerns here and there that have raised wages as business has begun to revive. It is true that in many cases rates had been cut below a sheer subsistence level for sake of survival during the severest stages of the depression; but the recognition of the fact and the prompt reparation of the error are reassuring signs that some business men understand that in these matters we live in a new world.

On the other side it is disconcerting at this stage to see wage negotiations still dragging out the old Punch and Judy show of the Cost of Living *vs.* Wages, which used to amuse the older generation so much. Inspiring as it may be at the moment to see "capital" and "labor" sitting in comparatively peaceful conference over these questions, and however justifiable or necessary the readjustments at issue may be, we cannot help feeling what a tragedy it all is, this business of turning back the hands of the clock, and doing with infinite difficulty and complete futility what events will inevitably undo later.

Published weekly by the McGraw-Hill Publishing Company, Inc.
330 West 42nd St., New York City. Tel. MEdallion 3-0700.
Price 20¢. Subscription: $7.50 a year, U. S. A. and possessions.
Foreign $10.00 or £2.10s. Cable code, Mcgrawhill
Publishing Director, Jay E. Mason

Editor, Marc A. Rose *Economist,* Virgil Jordan
Managing Editor, Ralph B. Smith *News Editor,* Perry Githens
Marketing, O. Fred Rost *Transportation,* Wadsworth Garfield
Industrial Production, K. W. Stillman *Statistics,* R. I. Carlson
Foreign News, J. F. Chapman *Typography,* F. A. Huxley
Washington, Paul Wooton, Carter Field *Chicago,* John Millar
European News Director. Elbert Baldwin
7 Boulevard Haussmann, Paris Cable Address, Busweek, Paris